FARADAY COPPER

**FARADAY COPPER CORP.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**August 26, 2022**

**250 – 200 Burrard Street**
**Vancouver, British Columbia V6C 3L6**
**www.faradaycopper.com**

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# CAUTIONARY STATEMENT

## Forward-Looking Information

This annual information form (the "**AIF**") contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "estimates", "intends", "anticipates", or "believes", or variations (including negative and grammatical variations) of such words and phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Faraday Copper Corp. (the "**Company**") to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Examples of forward-looking statements include, but are not limited to: information concerning the expected timing of the Company's updated workplan and strategy for the Contact Copper and Copper Creek projects, information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this AIF. Such forward-looking statements are based on a number of factors and assumptions which may prove to be incorrect, including, but not limited to, factors and assumptions about: general business, financial and economic conditions, including stress in the global economy; supply and demand for, and the level and volatility of prices of, copper and other mineral commodities under exploration; the availability of financing for the Company's exploration and development projects on reasonable terms; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the ability to attract and retain skilled staff; the accuracy of resource estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based; permitting and licensing risks; political, economic and other risks; operating risks caused by social unrest; risks related to government regulation, laws, sanctions and measures; risks related to exploration cost estimates; obligations as a public company; volatility in the market price of the Company's securities; risks related to community relations; nature and climactic conditions; the prevalence of competition within the mining industry; public health risks, including risks associated with the COVID-19 pandemic; risks associated with title to the Company's mining claims and leases; risks relating to potential litigation; negative cash flow; liquidity and financing risks; exchange rate and currency risks; dilution risk; and tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed under the "Risk Factors" section of this AIF and in the Company's annual Management's Discussion and Analysis ("**MD&A**") as at and for the years ended December 31, 2021 and 2020 available under the Company's SEDAR profile at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate and the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. Accordingly, investors should not place undue reliance on forward-looking statements.

## CORPORATE STRUCTURE

The Company was formed under the name "CopperBank Resources Corp." on October 21, 2014 pursuant to an amalgamation of 0999279 B.C. Ltd., 1016077 B.C. Ltd. and Choice Gold Corp. under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). The Company's head office is located at 250 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 and the Company's registered office is located at 2400 – 745 Thurlow Street, Vancouver, British Columbia, V6C 0C5.

On April 19, 2022, the Company changed its name from "CopperBank Resources Corp." to "Faraday Copper Corp." There have been no other material amendments to the Company's articles since October 21, 2014.

The Company is listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "FDY".

The table below sets forth the Company's subsidiaries as at the date of this AIF, together with the jurisdiction of incorporation of each company and the percentage of voting securities beneficially owned, controlled or directed, directly or indirectly, by the Company.

| Name of Subsidiary | Jurisdiction of Incorporation | Percentage Ownership |
|---|---|---|
| 1016079 B.C. Ltd. | British Columbia, Canada | 100% |
| CopperBank Royalties Corp. | British Columbia, Canada | 100% |
| Copper Creek Project LLC | Delaware, USA | 100% |
| Enexco International Inc. | Nevada, USA | 100% |
| Redhawk Copper Inc. | Arizona, USA | 100% |
| Redhawk Resources, Inc. | British Columbia, Canada | 100% |

## GENERAL DEVELOPMENT OF THE BUSINESS

### Overview of the Business

The Company's principal business activity is the acquisition, exploration and development of mineral properties located in the United States of America. As of the date hereof, the Company owns 100% of two exploration-stage resource properties:

- the Copper Creek project, a 100% owned copper deposit located in Pinal County, Arizona, approximately 120 road kilometres northeast of Tucson and 24 kilometres northeast of San Manuel (the "**Copper Creek Project**") being its sole material project; and

- the Contact Copper project, a 100% owned, pre-feasibility stage copper oxide project located on private land in Elko County, Nevada ("**Contact Copper Project**").

Further information about the Company can be found in the Company's regulatory filings available on SEDAR at www.sedar.com and on the Company's website at www.faradaycopper.com.

**Recent Developments**

On August 18, 2022, the Company announced that it had filed the Copper Creek Technical Report (as defined in "*Description of the Business – General*").

On July 6, 2022, the Company announced an updated mineral resource estimate for the Copper Creek Project.

On May 5, 2022, the Company announced that it had closed its previously-announced and upsized non-brokered private placement offering of 25,000,000 common shares of the Company at a price of $0.80 per common share for aggregate gross proceeds of $20 million.

During the annual and special meeting of shareholders held on April 19, 2022, the Company's shareholders approved the name change of the Company from "CopperBank Resources Corp." to "Faraday Copper Corp." In addition, the following new directors were elected to serve on the board of the Company: Katherine Arnold, Audra Walsh, Robert Doyle and Randy Engel.

The Company expects to transfer the assets and liabilities of Copper Creek Project LLC to Redhawk Copper Inc., and subsequently dissolve Copper Creek Project LLC, prior to the end of the 2022 financial year.

**Three Year History**

***Financial Year Ended December 31, 2021***

On October 15, 2021, the Company announced the appointments of Graham Richardson as Chief Financial Officer, Thomas Bissig as Vice President of Exploration and Zach Allwright as Vice President of Projects and Evaluations.

On September 16, 2021, the Company announced the closing of a non-brokered private placement offering of 12,500,000 units of the Company (the "**Units**") at a price of $0.40 per Unit for aggregate gross proceeds of $5,000,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.60 at any time within five years following the closing of the offering.

On September 2, 2021, the Company announced the appointments of Paul Harbidge as President and Chief Executive Officer and Russell Ball as Chair of the board of directors of the Company. Paul Harbidge was also appointed as a director. Concurrently with the foregoing appointments, Kenneth Cunningham and Gavin Dirom resigned as directors of the Company. The Company also announced the adoption of a new, long-term incentive plan (the "**LTIP**") by the Company. The LTIP allows for the issuance of stock options, restricted share units, deferred share units and performance share units to eligible participants and replaces the Company's stock option plan. The LTIP was approved by the shareholders of the Company at the special meeting held on October 15, 2021.

On June 9, 2021, the Company announced the appointment of Alan Wilson to the board of directors of the Company.

On July 5, 2021, the Company announced the repayment in full of the outstanding principal and accrued interest of the June 2019 Debentures (defined below).

On February 19, 2021, the Company announced the closing of a non-brokered private placement offering of 3,592,358 common shares at a price of $0.35 per common share for aggregate gross proceeds of $1,257,325.

***Financial Year Ended December 31, 2020***

On July 21, 2020, the Company announced the closing of a non-brokered private placement offering of 1,250,000 common shares at a price of $0.20 per common share for aggregate gross proceeds of $250,000.

On July 6, 2020, the Company announced a four-to-one consolidation of its common shares. The share consolidation became effective on July 8, 2020.

On May 13, 2020, the Company announced the closing of a non-brokered private placement offering of 1,350,000 common shares at a price of $0.06 per common share for aggregate gross proceeds of $81,000. On the same day, the Company also announced the appointment of Joseph Wilkins to the Company's Technical Advisory Group and the resignation of Steve Bastable as a director of the Company.

On February 14, 2020, the Company announced the termination of its option to enter into mine leases in respect of portions of the Pyramid and San Diego Bay projects on the Alaska Peninsula, and that the Company intends to focus on its Copper Creek Project and Contact Copper Project.

On January 23, 2020, the Company announced the closing of the first tranche of a non-brokered private placement offering of 10,000,000 common shares at a price of $0.06 per common share. 5,000,000 common shares were issued in the first tranche of the offering for gross proceeds of $300,000. The Company announced the closing of the second and final tranche of the offering on February 11, 2020.

***Financial Year Ended December 31, 2019***

On October 22, 2019, the Company announced the establishment of its wholly-owned subsidiary CopperBank Royalties Corp., together with a plan to augment the Company's resource development business with royalty assets.

On August 29, 2019, the Company announced the closing of a non-brokered private placement offering of 8,000,000 common shares at a price of $0.06 per common share for aggregate gross proceeds of $480,000.

On June 17, 2019, the Company announced the closing of a non-brokered private placement offering of convertible debentures for gross proceeds of $263,000 (the "**June 2019 Debentures**"). Each June 2019 Debenture has a face value of $1,000 and an interest rate of 15% per annum, payable monthly.

On March 26, 2019, the Company announced the closing of a private placement offering of 7,656,548 common shares at a price of $0.07 per common share for aggregate gross proceeds of $535,958.36.

## DESCRIPTION OF THE BUSINESS

### General

The Company is a Canadian exploration company focused on advancing copper projects in the United States of America. The Company owns two exploration-stage copper projects: the Copper Creek Project located in Pinal County, Arizona, which is the Company's sole material property and the Contact Copper Project located in Elko County, Nevada. The Company is in the exploration and development stage with respect to its mineral property interests and neither project has, as yet, achieved commercial production.

The Copper Creek Project is currently owned by the Company's wholly owned subsidiary Redhawk Resources, Inc. ("**Redhawk**"). In August of 2018, the Company acquired all of the issued and outstanding shares of Redhawk by way of a plan of arrangement completed under the BCBCA (the "**Redhawk Acquisition**"). In consideration for the Redhawk Acquisition, the Company issued 0.929 common shares of the Company to each shareholder of Redhawk for each Redhawk share held. A total of 66,047,090 common shares of the Company were issued to shareholders of Redhawk, representing 25% of the issued and outstanding common shares of the Company at the time on a post-transaction basis. Upon the completion of the Redhawk Acquisition, Redhawk became a subsidiary of the Company. The most recent technical study work completed on the Copper Creek Project was published in a technical report titled "NI 43-101 Technical Report Mineral Resource Estimate Copper Creek Project, Arizona", with an effective date of July 6, 2022 and filed by the Company on SEDAR on August 18, 2022 (the "**Copper Creek Technical Report**").

The Company acquired the Contact Copper Project in 2014 from International Enexco Limited. The historic mineral resources estimate, the most recent technical study work completed in respect of the Contact Copper Project, was published in a technical report titled "NI 43-101 Pre-Feasibility Study on the Contact Copper Project" prepared for Enexco International Ltd. by Hard Rock Consultants LLC, published October 1, 2013 (the "**Contact Copper Technical Report**").

**Specialized Skill and Knowledge**

The Company's business requires specialized skills and knowledge, including in the areas of mining, environmental permitting, engineering, geology, drilling, metallurgy, construction, community engagement, government relations, logistical planning, project management and implementation of exploration and development programs as well as legal compliance, finance and accounting. The Company competes with numerous other companies for the recruitment and retention of qualified employees and consultants in such fields. To date, the Company has been able to meet its staffing requirements. See "*Risk Factors – Dependence on Qualified Personnel*" for more information.

**Competitive Conditions**

The mineral exploration and development business is competitive in all phases. The Company competes with a number of other companies that have resources significantly in excess of those of the Company in the search for and the acquisition of attractive mineral properties, qualified service providers, labour, equipment and suppliers. The ability of the Company to acquire mineral properties in the future will depend not only on its ability to develop its present properties (including the Contact Copper Project and the Copper Creek Project), but also on its ability to select and acquire suitable producing properties or prospects for development or mineral exploration. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. Factors beyond the control of the Company may affect the marketability of minerals discovered by the Company. See "*Risk Factors*".

**Components**

The Company uses critical components such as water, diesel, drilling consumables and electrical power in its business, all of which are readily available.

**Cycles**

The Company's business is not cyclical or seasonal.

**Economic Dependence**

The Company's business is not substantially dependent on any single commercial contract or group of contracts either from suppliers or contractors.

**Changes to Contracts**

It is not expected that the Company's business will be materially affected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

**Environmental Protection**

The mining industry is subject to environmental regulations pursuant to applicable legislation. Such legislation provides for restrictions and prohibitions on release or emission of various substances produced in association with certain mining industry operations, in addition to environmental monitoring, reporting, and reclamation.

As at December 31, 2021, the Company had deposited $8,335 for the reclamation deposits of the Contact Copper Project and the Copper Creek Project.

**Employees and Contractors**

As of the date hereof, the Company has approximately 15 full time employees. In addition, the Company retains a number of geologists, engineers and other consultants on a temporary contract basis, as required. To continue with the development of its assets, the Company is likely to require additional experienced employees and/or third-party consultants and contractors. The Company has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel. However, no assurance can be given that the Company will be able to retain a sufficient number of qualified employees and contractors when necessary. See "*Risk Factors – Dependence on Qualified Persons*" for more information.

**Operations in the United States of America**

The Company's mineral exploration operations are conducted in the United States of America, and as such, the Company's operations are exposed to various levels of foreign, political, economic and other risks and uncertainties. See "*Risk Factors*" for more information.

**Social and Environmental Policies**

Protecting the environment and maintaining a social license with the communities in which the Company operates is integral to the success of the Company. The Company's approach to social and environmental policies is informed by both the legal guidelines in the jurisdictions in which the Company operates, as well as by a combination of Company-specific policies and standards with a commitment to best practice management. In connection with the latter, the Company is guided by the following principles and practices:

- upholding responsible operations that protect environmental conditions;
- being a responsible member of the communities in which the Company operates by engaging in open dialogue and supporting local development;
- promoting a positive workplace culture that empowers growth and protects work safety as well as diversity and inclusivity; and
- contributing to the electrification of a greener economy by developing projects that are aimed at producing high-grade copper.

The Company's current exploration and development activities, as well as any future exploration or development projects, are subject to environmental laws and regulations in the jurisdictions in which it operates. There are environmental laws in the United States of America that apply to the Company's operations, exploration, development projects and land holdings. These laws address such matters as protection of the natural environment, employee health and safety, waste disposal, remediation of environmental sites, reclamation, control of toxic substances, air and water quality and emissions standards. See "*Risk Factors*" for more information. The Company seeks to adopt leading practice environmental programs to manage environmental matters and ensure compliance with applicable legislation.

On August 23, 2022, the board of directors of the Company adopted a Health, Safety, Environmental and Community (HSEC) Policy (the "**HSEC Policy**") which codifies the aforementioned principles and sets out various commitments of the Company, including:

- striving to achieve zero harm at the Company's active sites and providing training to all employees working at such sites;
- utilizing industry best practices in air and water quality emission standards, waste management and reclamation efforts;
- adopting leading practice environmental baseline and monitoring programs to manage environmental matters and compliance; and
- sourcing local employment and procurement opportunities in order to provide direct economic benefits to local communities.

The board of directors of the Company will review and evaluate the HSEC Policy on an annual basis.

# MATERIAL MINERAL PROPERTY

The Company's sole material project is the Copper Creek project ("**Copper Creek**" or the "**Project**"). The following scientific and technical information provided below in respect of Copper Creek has been derived from and in some instances is an extract from, a Canadian National Instrument 43-101 ("**NI 43-101**") technical report titled "NI 43-101 Technical Report Mineral Resource Estimate Copper Creek Project, Arizona" with an effective date of July 6, 2022 and a report date of August 18, 2022 authored by Berkley J. Tracy, MSc. Geology, PG, CPG, P. Geo. Principal Consultant, SRK Consulting (U.S.), Inc. ("**SRK**"), Erin Patterson, P.E., Manager, Minerals & Metals, Ausenco Limited ("**Ausenco**"), Ben Parsons, MSc, MAusIMM (CP), Principal Consultant, SRK. The below summary is subject to all the assumptions, qualifications and procedures set out in the Copper Creek Technical Report. The Copper Creek Technical Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Copper Creek Technical Report, which has been filed with the applicable regulatory authorities and is available under the Company's SEDAR profile at www.sedar.com. The summary set forth below is qualified in its entirety with reference to the full text of the Copper Creek Technical Report. The authors of the Copper Creek Technical Report have reviewed and approved the scientific and technical disclosure contained in this AIF related to Copper Creek.

## Property Description and Ownership

The Project is in Pinal County, Arizona, approximately 70 km northeast of Tucson, Arizona, 16 km northeast of San Manuel, Arizona, and 10 km east of Mammoth, Arizona. The Project area entails private, state, and federal surface and mineral rights all located within Township 7 and 8 South, Range 18 East.

The Project is 100% controlled by Faraday and consists of approximately 41 km$^2$, spanning seven private patented claims (4.70 km$^2$; 1,161 acres), one private land parcel (3.15 km$^2$; 779 acres), nine Arizona State Land Department (ASLD) prospecting permits (12.10 km$^2$; 2,989 acres), and 325 Bureau of Land Management ("**BLM**") unpatented mining claims (20.53 km$^2$; 5,074 acres). The Project headquarters are located in San Manuel, Arizona, and encompass 0.01 km$^2$ (2.47 acres) that are used for drill core storage and business management.

Payments related to parcel and patented mining claims, state prospecting permits, and unpatented mining claims are current with the annual renewal schedule. Any surface disturbance on property that is not owned by the Company requires either private landowner, state, or federal BLM approval. Any sub-surface drilling outside of Company-owned property but within BLM unpatented mining claim blocks or ASLD prospecting permits requires either federal BLM or state approval.

The Company has an agreement in place with D&G Mining Company ("**D&G**") for four unpatented mining claims (Moose claims) that are located within the land package boundary. An access agreement is in place with Mercer Ranch Holding, LLC to access the Project through private property via Bunker Hill Road. This is in addition to the public road access to the property from the town of Mammoth via Copper Creek Road.

A sliding net returns royalty is payable to South32 Ltd. ("**South32**") on all production from the current area of the Copper Creek mineral resource. Expenses incurred after the product leaves the property are deducted from the gross value received. No advanced royalty payments are due. The current South32 royalty is 3% based on the current copper (Cu) price.

Payment of US$3,000,000 (US$500,000 per year over 6 years) is due to Franco Nevada Corporation following achievement of commercial production of minerals within a 5-mile radius of certain patented claims now held by Faraday. The Copper Creek mineral resource area is within this 5-mile radius and would therefore be expected to trigger such payments upon production. A 1% net smelter return royalty is payable to Franco Nevada Corporation on all production from certain areas within Faraday's control. This royalty is largely outside of the current area of the Copper Creek mineral resource.

**Geology and Mineralisation**

The property is in the prolific porphyry copper region of southwestern North America at the projected intersection of a major northwest belt of copper deposits (Ray, Miami/Globe, Superior/Resolution, and Johnson Camp) and a major east-northeast belt of copper deposits (San Manuel/Kalamazoo, Silver Bell, Lakeshore, Safford, and Morenci). The Project hosts a porphyry copper deposit in addition to high-grade, near-surface, breccia mineralisation.

The Palaeocene Copper Creek batholith intruded Palaeocene Glory Hole volcanics and Proterozoic to Palaeozoic sedimentary rocks and is the main mineralisation host. Some of the breccias also crosscut the Glory Hole volcanics. The batholith is compositionally zoned and contains a shallowly west dipping monzogranite domain at depth and a dioritic border phase, with the bulk being granodioritic composition. Four main types of granodiorite to quartz diorite porphyry dykes and plugs have been recognized; these largely intruded as narrow, steeply dipping dykes and plugs before and during mineralisation.

The underground ("**UG**") resource occurs largely in early halo ("**EH**") porphyry-style veins and magmatic cupola zones, while the open pit ("**OP**") resource is dominantly hosted in magmatic-hydrothermal breccias. Hypogene copper is predominantly contained in chalcopyrite and bornite. The near-surface mineralised breccias were subjected to partial in situ oxidization that transformed part of the sulphides into secondary copper oxides.

The current geological understanding is considered sufficient for conceptual exploration targeting, geological modelling, and resource estimation of the Copper Creek deposits.

**Status of Exploration, Development, and Operations**

The Project has been operated by multiple explorers for over 100 years, with a significant history of small-scale mining dating from the 1860s. Historical copper mining occurred at Copper Creek, with the last production in the 1980s. Historical copper production was mainly from two breccia bodies, referred to as Childs-Aldwinkle ("**CA**") and Old Reliable ("**OR**").

From 1914 to 2012, a total of 201,022 metres from 551 drillholes were completed at Copper Creek. Redhawk Copper, Inc. used this data to support a 2012 mineral resource estimate ("**MRE**") by Independent Mining Consultants ("**IMC**") and a 2013 Preliminary Economic Assessment ("**PEA**") compiled by SGS Canada Inc. ("**SGS**"). Faraday is not treating these historical estimates as current mineral resources or mineral reserves. The results of the historical mining studies, including the PEA disclosed in 2013, are no longer valid or current.

After the 2013 PEA and through 2016, Anglo American funded a 7,572-meter drilling program and additional exploration work under an option agreement with Redhawk Copper, Inc. On August 31, 2018, CopperBank Resources, Inc. (CSE-CBK) ("**CopperBank**") acquired Redhawk Resources, Inc. (TSXV:

RDK.H) in which Copper Creek became the flagship project of its portfolio. CopperBank continued to operate the Project under the Redhawk Copper, Inc. name in the United States of America (USA). From 2018 to 2022, CopperBank progressed exploration and development of the Project by designing a core drilling program, relogging and sampling a portion of the historical drilling, expanding land acquisition around the main portion of the district, reviewing metallurgical studies, and conducting a detailed geotechnical program.

In February 2022, CopperBank initiated a 6,000-meter core drilling program designed to test previously undrilled areas between known breccia bodies and to collect structural, metallurgical, geotechnical, and hydrogeological information. In April 2022, the shareholders of CopperBank approved a name change to Faraday Copper Corp. (CSE: FDY). All subsequent work has been completed under the Faraday name. The planned Phase 1 drilling program was completed in June 2022 and totalled 5,923.3 m in nine drillholes. The majority of the analytical results for these drillholes were not available in time for the calculation of the MRE presented in the Copper Creek Technical Report; however, data collected from drill core logging was utilized in the interpretation of a new geological model.

In 2022, Faraday generated a geological model based on the relogging of approximately 15,000 m of historical core covering the breccia-style mineralisation, observations from new drilling, short wave infrared spectral data, multi-element geochemistry, and detailed relogging of core from the Keel and American Eagle porphyry-style mineralisation completed by Redhawk geologists. These data were modelled in Seequent Leapfrog Geo™ to generate three-dimensional (3D) wireframe models that were used to constrain the MRE. Moreover, the Copper Creek geological model and MRE are delineated at surface by newly acquired, detailed, 1-meter contour topography.

SRK independently reviewed the core sampling, cutting, logging, sample preparation, security, and laboratory analytical procedures followed at Copper Creek during a March 2022 site visit. The exploration and sampling protocols practiced by Faraday are consistent with or exceed generally accepted industry practice and are deemed adequate for the Project stage. In the Qualified Person's opinion, the drilling data as reported by Faraday are sufficiently accurate and reliable to inform the MRE of the Project.

Significant exploration upside remains at Copper Creek. There are over 400 known breccia occurrences mapped at surface, of which only 35 have been drilled and 14 are included in the MRE. Faraday is developing exploration plans for the next phase of drilling at the Project.

**Mineral Processing and Metallurgical Testing**

To date, metallurgical testwork programs have been undertaken by Mountain States R&D International, Inc. ("**MSRDI**") in 1997 and METCON Research ("**METCON**") in 2008 and 2012, respectively.

The general mineralogy distribution was summarised in a 1997 MSRDI report and indicates the following:

- Copper-bearing sulphide mineral grains are generally very coarse. They range up to 5 centimetres (cm) in size, and near complete liberation from gangue or other sulphide grains is achieved at 100-mesh (approximately 0.15-millimetre (mm)) grain size.

- Chalcocite occurs on the upper portions within the oxide and mixed zone, typically within 40 m from surface and locally deeper along fractures. Chalcocite is noted to replace chalcopyrite and bornite. It is possible some of the bornite in this upper zone may be supergene in origin.

- Chalcopyrite forms the main hypogene zone and occurs with bornite and pyrite.

- Bornite occurs together with chalcopyrite at depth at American Eagle and the Keel cupola zone. At American Eagle (below 1,055-m depth from surface), some tennantite occurs, usually overprinting chalcopyrite and bornite. Above this elevation, the arsenic (As) content is generally low (typically less than 10 to 20 parts per million (ppm)). Samples with arsenic greater than 500 ppm are largely confined to 1,055 m or greater depth below surface, which is below the current UG resource.

Regarding potential deleterious elements, based on the current available data, the arsenic content in the final copper concentrates would be under penalty limits for the mine life as implied by the current resource. The arsenic content should be analysed as part of an additional suite of metallurgical testing to verify the levels against a detailed mine schedule and the mineral resource.

Comminution data are limited. In 1997, MSRDI reported a Bond work index ("**BWi**") of 14.6 and 12.7 kilowatt-hours per metric tonne ("**kWh/t**") for hard and soft composite samples, respectively. In 2012, Phillips Enterprises, LLC and SGS's Lakefield Laboratory reported a full suite of comminution data with BWi measurements of 15.73 and 15.01 kWh/t for two composite samples taken from just outside the mineable envelope. Additional comminution testwork with samples taken throughout the mineable envelope that are representative of the various mineralisation zones are recommended to advance the Project.

MSRDI conducted rougher flotation tests on four different composite samples from the Copper Creek property. In a second series of tests, MSRDI evaluated cleaning the rougher concentrate produced. The rougher concentrate was not reground, and excellent cleaner concentrate grades (averaging over 40% copper) were achieved. After the batch test, MSRDI conducted locked-cycle tests.

Limited testing was conducted by MSRDI, and separately by METCON, to demonstrate the Cu-molybdenum ("**Mo**") separation process. The tests using sodium hydrosulphide (NaHS), the conventional reagent for Cu-Mo separation circuits, were not successful; therefore, additional testing to optimize reagents used in the bulk Cu-Mo flotation step and the subsequent Cu-Mo separation is recommended.

In 2012, METCON conducted preliminary variability flotation testwork on 14 composite samples from the Copper Creek deposit, as well as Cu-Mo separation flotation testing on OP and UG composite samples.

The results from the various test programs at MSRDI and METCON were consolidated for the Copper Creek Technical Report, and forecasts of recovery have been developed by Ausenco to reflect the grades reported in the MRE. Additional testwork is recommended to confirm these recovery projections for future studies:

- Given an average assumed copper feed grade above 0.45% for the Project, a copper recovery of 92% is projected using the trendline for sulphide material flotation. For the transitional material, the forecasted copper recovery of 85% is proposed.

- An estimated molybdenum recovery of 78% for sulphide material flotation is recommended for the current Project based on the limited testwork available. For the transitional materials, the forecasted molybdenum recovery is estimated to be 68%.

- METCON reported an average silver (Ag) recovery of 50% for sulphide material flotation for the Cu-Mo second cleaner flotation tests conducted on the composite samples tested. For transitional materials, the silver recovery is estimated to be 40%.

**Sampling, Analysis and Data Verification**

All Copper Creek drillhole samples since Redhawk (2006 to present) have been analysed at ALS facilities in either Reno, Nevada, USA (Redhawk) or North Vancouver, British Columbia, Canada (CopperBank and Faraday). ALS is a third-party, commercial geochemical laboratory that operates independent of Faraday and previous project operators. The ALS analytical facilities are International Organization for Standardization (ISO) 170525 certified.

Specific records are limited for sample preparation and analytical procedures used by historical Copper Creek operators prior to AMT (1995). Historical exploration was conducted by established and well-regarded historical operators (e.g., Bear Creek, Newmont, Oxymin, Magma, and Exxon). It is reported that the majority of testing facilities were commercial laboratories that used typical industry-standard procedures for the time period (IMC, 2008). Original signed and stamped laboratory records from the 1960s and beyond are available for some drillholes in the San Manuel office. For example, historical paper laboratory certificates are available from laboratories such as Jacobs Assay Office – Registered Assayers, Tucson from the mid-1970s. The only known non-commercial laboratory used for Copper Creek samples was the Magma laboratory at the nearby San Manuel mine (IMC, 2008), likely in the early 1970s when Magma was active on the Project. No known bias exists in the earlier sample grades versus later analyses that would indicate the historical laboratories were not following established preparation and analytical protocols.

Security measures used by historical Copper Creek operators prior to AMT (1995) have not been documented previously. Approximately 95% of historical and recent drillholes at Copper Creek have been preserved and are stored on-site currently at the San Manuel drill core storage facility. This is a positive indication of the diligence of all historical Project operators in maintaining security of the sampled drill core.

For all recent drilling (1995 to present), core was delivered daily from the Project site to the logging warehouse in San Manuel. Currently, the exploration office, logging facility, and adjacent laydown yard are monitored by a close-circuit security camera system. Additionally, the San Manuel facility is located directly adjoining to the Pinal County Sheriff’s office property.

Most of the historical drill core is stored on metal racks in covered buildings. Additional split-core boxes from the current and historical drilling campaigns are stored temporarily in a secured, barbed-wire topped, fenced area with controlled access. At the time of the SRK site visit in March 2022, additional historical core was being moved and reorganized for development of a new, expanded core storage facility. Pallets of core were covered with tarps that were temporarily staged outside. Fine pulps from historical drill programs are boxed and stored securely in the exploration office.

Drillhole sampling conducted by Faraday followed industry-accepted methods for quality assurance/ quality control (QA/QC), including the use of standards, blanks, and duplicate samples. For every 25 samples, one standard, two quarter-core duplicates, and three blanks were inserted into the sample stream, and expected values were blind to the laboratory. An appropriate mix of matrix-matched certified reference material (CRM) standards with a spread of copper, molybdenum, and silver grades were selected for the Faraday's drilling program. Both fine and coarse blanks were alternated in the QA/QC batches. No QA/QC results from the Faraday Phase 1 drilling program were available for review at the time of the report data cut-off date; these results will be disclosed in future technical reports. Assay data from the recent campaign included in the current MRE are limited to one interval in Drillhole FCD-22-002 from 77 to 145 m.

Historical QA/QC results have been reviewed extensively in previous technical reports by IMC (IMC, 2008 and IMC, 2012). Additionally, in 2012, Redhawk commissioned an independent review of the Copper Creek QA/QC program from 2006 forward by Geochemical Applications International, Inc. (GAII). Dr. Jeffrey Jaacks examined all controls and procedures related to QA/QC monitoring and concluded that the overall quality assurance program contained no fatal flaws and were of acceptable accuracy and precision for resource calculations (GAII, 2012).

Data verification has been an integral part of Faraday's work on Copper Creek. The archive of historical paper data on-site is substantial and impressive for a long-lived exploration property. Additionally, almost all historical drill core has been preserved and is stored on-site. Faraday continues to organize, digest, and corroborate the available historical data. Available drill cores and pulps are properly stored on metal shelving located in covered, dedicated warehouses and available for third-party review. All recent activities related to sample collection, QA/QC, and laboratory dispatch were carried out under supervision of Faraday staff in charge of field activities.

Drilling data (e.g., assays and drillhole logs) are stored in an access-controlled relational database, which is managed by a corporate database manager and backed up on secure cloud servers. The Copper Creek drillhole databases supplied to SRK for review had a cut-off date of April 30, 2022. SRK received comma-separated value (.csv) files for collar, survey, assay, and lithology data exported directly from the MX Deposit™ database.

**Mineral Resource Estimate**

The mineral resource presented herein represents an evaluation of 14 near-surface breccia units and the deeper porphyry zone. The resource estimation methodology conducted by SRK involved the following procedures:

- Database and geological model review
- Data conditioning for statistical analysis (capping review and compositing)
- Block modelling and grade interpolation
- Resource classification and validation
- Assessment of reasonable prospects for eventual economic extraction (RPEEE)

- Application of Faraday-provided reporting cut-off grades (CoG) for conceptual OP and UG mining scenarios

- Preparation of the mineral resource statement

SRK has defined the mineral resource (Table 1.1) based on variable CoG derived from assumed economics for both OP and UG mining potential. The estimation was constrained within discrete breccia domains interpreted by Faraday based on geological logging and assay grades. Estimation outside of the defined breccia units, within the deeper porphyry-style mineralisation and halo zones around the near-surface breccias, considered a 5-m soft boundary with the breccia units.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves in the future. The estimate of mineral resources may be materially affected by environmental permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

**Table 1.1: Combined OP and UG MRE, Copper Creek Project, as of July 6, 2022, SRK Consulting (U.S.), Inc.**

| Category | Tonnage (Mt) | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Cu (%) | Mo (%) | Ag (g/t) | CuEq (%) | Cu (Mlb) | Mo (Mlb) | Ag (Moz) | CuEq (Mlb) |
| **OP** | | | | | | | | | |
| Measured | 38.9 | 0.68 | 0.010 | 1.8 | 0.72 | 584.2 | 8.7 | 2.2 | 614.6 |
| Indicated | 45.7 | 0.44 | 0.007 | 0.9 | 0.46 | 446.4 | 7.2 | 1.3 | 467.8 |
| **Measured and Indicated (M&I)** | **84.6** | **0.55** | **0.009** | **1.3** | **0.58** | **1,030.6** | **16.0** | **3.6** | **1,082.5** |
| Inferred | 29.3 | 0.35 | 0.004 | 0.8 | 0.36 | 224.6 | 2.9 | 0.8 | 233.0 |
| **UG** | | | | | | | | | |
| Measured | 26.1 | 0.50 | 0.012 | 1.5 | 0.54 | 288.7 | 7.0 | 1.3 | 312.7 |
| Indicated | 244.4 | 0.48 | 0.007 | 1.2 | 0.51 | 2,587.8 | 39.9 | 9.7 | 2,731.1 |
| **M&I** | **270.5** | **0.48** | **0.008** | **1.3** | **0.51** | **2,876.5** | **46.9** | **11.0** | **3,043.8** |
| Inferred | 45.6 | 0.41 | 0.009 | 0.9 | 0.44 | 410.3 | 9.2 | 1.3 | 440.5 |
| **Total (OP + UG)** | | | | | | | | | |
| Measured | 65.1 | 0.61 | 0.011 | 1.7 | 0.65 | 872.9 | 15.7 | 3.5 | 927.3 |
| Indicated | 290.0 | 0.47 | 0.007 | 1.2 | 0.50 | 3,034.2 | 47.2 | 11.0 | 3,199.0 |
| **M&I** | **355.1** | **0.50** | **0.008** | **1.3** | **0.53** | **3,907.1** | **62.9** | **14.5** | **4,126.3** |
| Inferred | 75.0 | 0.38 | 0.007 | 0.8 | 0.41 | 634.9 | 12.0 | 2.0 | 673.5 |

Source: SRK, 2022
CuEq: Copper equivalent
g/t: Grams per tonne
Mlb: Million pounds
Moz: Million troy ounces
Mt: Million tonnes

1. Notes: The mineral resources in this estimate were prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Standards on Mineral Resources and Reserves, Definitions and Guidelines (CIM, 2014) prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
2. All dollar amounts are presented in U.S. dollars.

3. Pit shell constrained resources with RPEEE are stated as contained within estimation domains above 0.23% CuEq CoG. Pit shells are based on an assumed copper price of US$3.80/pound (lb), assumed molybdenum price of US$13.00/lb, assumed silver price of US$20.00/troy ounce (oz), and overall slope angle of 47 degrees (°) based on preliminary geotechnical data. Operating cost assumptions include OP mining cost of US$2.25/tonne (t), processing cost of US$7.95/t, general and administrative (G&A) costs of US$1.25/t, and treatment charges and refining charges (TCRC) and freight costs of US$6.50/t.
4. UG constrained resources with RPEEE are stated as contained within estimation domains above 0.31% CuEq CoG. UG bulk mining footprints are based on an assumed copper price of US$3.80/lb, assumed molybdenum price of US$13.00/lb, assumed silver price of US$20.00/oz, UG mining cost of US$9.25/t, processing cost of US$7.00/t, G&A costs of US$1.25/t, and TCRC and freight costs of US$6.50/t.
5. Average bulk density assigned by domain is as follows: 2.33 grams per cubic centimetre ($g/cm^3$) for all near-surface breccias, 2.40 $g/cm^3$ for the Mammoth breccia, and 2.56 $g/cm^3$ for the Keel breccia, porphyry mineralisation, and all other areas outside of breccias.
6. Variable metallurgical recovery by metal and domain are considered for CuEq as follows: copper recovery of 92%, 85%, and 60% within sulphide, transitional, and oxide material, respectively; molybdenum recovery of 78% and 68% for sulphide and transitional material, respectively; and silver recovery of 50% and 40% for sulphide and transitional material, respectively.
7. CuEq is calculated by domain based on the above variable recovery. For example, sulphide CuEq = [(Cu grade/100 * 0.92 Cu recovery * 2,204.62 * 3.8 Cu price) + (Mo grade/100 * 0.78 Mo recovery * 2,204.62 * 13 Mo price) + (Ag grade * 0.50 Ag recovery * 20 Ag price/31.10348)]/(0.92 Cu recovery * 2,204.62 * 3.8) * 100.
8. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves in the future. The estimate of mineral resources may be materially affected by environmental permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
9. All quantities are rounded to the appropriate number of significant figures; consequently, sums may not add up due to rounding.

The MRE for Copper Creek is based on the current drillhole database, revised lithology from re-logging, discrete breccia wireframe domain models, and current detailed topographic data provided by Faraday. The resource estimation is supported by logging, drilling, and sampling current to an April 30, 2022, data cut-off date. SRK undertook the technical work on the geological model and grade estimates between May and July 2022, with the final assessment for RPEEE completed at the start of July 2022. Based on this assessment, the effective date of the resource statement is July 6, 2022.

As of the data cut-off date, the current drillhole database contained limited assay data from Faraday Phase 1 drilling (68 m in one drillhole) and geological logging data from six new drillholes with pending assay results. Between the end of April and early July 2022, SRK conducted the technical work reflected in this disclosure, including incorporation of recovery data and consideration of potential mining scenarios for resource reporting. As of the July 6, 2022, effective date, additional Phase 1 drilling results were still outstanding.

The near-surface mineralised breccias were subjected to partial in situ oxidization that transformed part of the sulphides into secondary copper oxides. Three domains are recognized within the OP resource, referred to as Oxide, Mixed (or Transitional), and Sulphide. The UG resources stated in Table 1.1 are comprised of only sulphide mineralisation. Table 1.2 reports the Copper Creek OP mineral resources by domain.

**Table 1.2: OP MRE by Domain, Copper Creek Project**

| Category | Domain | Tonnage (Mt) | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cu (%) | Mo (%) | Ag (g/t) | CuEq (%) | Cu (Mlb) | Mo (Mlb) | Ag (Moz) | CuEq (Mlb) |
| Measured | Oxide | 2.5 | 0.51 | 0.005 | 1.4 | 0.51 | 28.0 | 0.3 | 0.1 | 28.0 |
| | Mixed | 5.8 | 0.59 | 0.005 | 1.2 | 0.61 | 75.1 | 0.6 | 0.2 | 77.3 |
| | Sulphide | 30.7 | 0.71 | 0.012 | 1.9 | 0.75 | 481.0 | 7.9 | 1.9 | 509.3 |
| | **Total** | **38.9** | **0.68** | **0.010** | **1.8** | **0.72** | **584.2** | **8.7** | **2.2** | **614.6** |
| Indicated | Oxide | 5.7 | 0.38 | 0.007 | 1.2 | 0.38 | 48.3 | 0.9 | 0.2 | 48.3 |
| | Mixed | 8.6 | 0.46 | 0.007 | 1.0 | 0.48 | 86.5 | 1.4 | 0.3 | 91.0 |
| | Sulphide | 31.3 | 0.45 | 0.007 | 0.8 | 0.48 | 311.7 | 5.0 | 0.8 | 328.5 |
| | **Total** | **45.7** | **0.44** | **0.007** | **0.9** | **0.46** | **446.4** | **7.2** | **1.3** | **467.8** |
| M&I | Oxide | 8.2 | 0.42 | 0.006 | 1.2 | 0.42 | 76.3 | 1.1 | 0.3 | 76.3 |
| | Mixed | 14.3 | 0.51 | 0.006 | 1.1 | 0.53 | 161.6 | 2.0 | 0.5 | 168.3 |
| | Sulphide | 62.0 | 0.58 | 0.009 | 1.4 | 0.61 | 792.7 | 12.8 | 2.7 | 837.8 |
| | **Total** | **84.6** | **0.55** | **0.009** | **1.3** | **0.58** | **1,030.6** | **16.0** | **3.6** | **1,082.5** |
| Inferred | Oxide | 5.6 | 0.29 | 0.004 | 0.7 | 0.29 | 35.5 | 0.5 | 0.1 | 35.5 |
| | Mixed | 8.3 | 0.31 | 0.005 | 0.8 | 0.33 | 57.1 | 0.8 | 0.2 | 59.9 |
| | Sulphide | 15.5 | 0.39 | 0.004 | 0.9 | 0.40 | 132.0 | 1.5 | 0.4 | 137.6 |
| | **Total** | **29.3** | **0.35** | **0.004** | **0.8** | **0.36** | **224.6** | **2.9** | **0.8** | **233.0** |

Notes: Refer to the notes following Table 1.1.

### Mineral Reserve Estimate

A prefeasibility study ("**PFS**") is required to demonstrate the economic merit of mineral resources for any conversion to mineral reserves. At this time, no such PFS study has been completed; therefore, the Project currently has no defined mineral reserves according to CIM Definition Standards (CIM, 2014).

### Conclusions and Recommendations

Copper Creek represents an advanced-stage exploration project targeting multiple near-surface breccias and deeper porphyry-style copper mineralisation. The modelled breccia units and porphyry areas are open in multiple directions and at depth in certain areas. Further drilling and additional sampling of historical drillholes has the potential to develop additional mineral resources and increase confidence in existing mineral resources. Additional step-out and regional exploration drilling at Copper Creek has the potential to discover economic mineralisation in areas where no modern exploration has occurred in a prospective area.

In SRK's opinion, the results of the exploration work completed on the Project to date are of substantial technical merit to recommend additional exploration expenditures. The next exploration campaign should include a combination of infill drilling to improve known mineralisation continuity and geological understanding and wider-spaced drilling to test the most-prospective breccia systems. Additionally, Faraday should continue assaying unsampled core in areas where drillholes are projected near interpreted mineralised wireframes.

SRK has recommended and Faraday intends to complete the following work programs for the Project:

- Logging and sampling of drilling intersections that are inferred to be continuations of the modelled breccia units but were unsampled for assay in previous programs

- Continued testwork related to mineralogy and metallurgical recovery
- Collection of additional density measurements
- Expanding detailed topographic surface coverage
- Incorporation of all Phase 1 drilling results into an updated MRE
- Continued advancement of the Project toward delivery of PEA
- Compilation of exploration results to define Phase 2 drilling targets

Ausenco recommends the following metallurgical testwork be completed:

- Mineralogy: All samples used for testing will need to be characterised using mineralogical and other analytical procedures.
- Comminution: To support future technical studies, the following comminution testing should be considered: Semi-autogenous (SAG) mill comminution (SMC), $BW_i$, and Bond abrasion index ($A_i$) tests. This work should be done on samples that represent the initial phase of the mine plan but should also be representative of all lithologies anticipated over the course of the planned operation.
- Flotation: To understand the variability of the parameters that affect flotation performance, the following flotation tests are recommended:
    - Further testwork needs to be conducted on low-grade material (less than (<) 0.4% copper) to better determine the associated recovery and concentrate grade.
    - Optimize flotation reagent scheme in the future flotation testwork.
    - It is recommended that locked-cycle flotation testing be conducted to determine the ultimate concentrate and tailing values that will be realized when internal products are recycled as occurs in normal plant practice.
    - Conduct mineralogy study to see liberation in the copper concentrate to help understand the molybdenum flotation.
    - Conduct molybdenum flotation to target the desired molybdenum concentrate grade of 45% to 50%.
    - Investigate a range of Cu/Mo ratio concentrates to determine the minimum molybdenum grade that could be economically upgraded.
- Solid-liquid separation: These tests are recommended to support the design of the thickening and filtration systems associated with dry stack tailings application (if selected). The tailing properties should be characterized to satisfy the estimated number, type, and size of tailing filters for the Project.

## RISK FACTORS

The operations of the Company are subject to significant uncertainty due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The following risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

Existing and prospective investors should carefully consider the risk factors set out below and consider all other information contained in this AIF and in the Company's other public filings before making an investment decision. The information in this section is intended to serve as an overview and should not be considered exhaustive.

### Development and Operational Risk

Mining development projects and mining operations generally involve a high degree of risk which could adversely impact our success and financial performance. Development projects typically require significant capital expenditures before commercial production is possible. Actual capital or operating costs may be materially different from estimated capital or operating costs. Development projects can also experience unexpected delays and problems during construction and development, during mine start-up or during production. The construction and development of a mining project is also subject to many other risks, including, without limitation, risks relating to: (a) the Company's ability to obtain project financing on commercially reasonable terms, or at all; (b) the Company's ability to obtain regulatory approvals or permits on a timely basis or at all and, if obtained, to comply with any conditions imposed by such regulatory approvals or permits and maintain such approvals and permits; (c) cost overruns due to, among other things, delays, changes to inputs or changes to engineering; (d) delays in construction and development of required infrastructure and variations from estimated or forecasted construction schedules; (e) technical complications, including adverse geotechnical conditions and other impediments to construction and development; (f) accuracy of reserve and resource estimates; (g) accuracy of engineering and changes in scope; (h) accuracy of estimated metallurgical recoveries; (i) accuracy of the estimated capital required to develop a project; (j) adverse regulatory developments, including the imposition of new regulations; (k) fluctuation in prevailing prices for copper which may affect the profitability of the Company's current development projects; (l) community action or other disruptive activities by stakeholders; (m) the adequacy and availability of a skilled and qualified workforce; (n) difficulties in procuring or a failure to procure required supplies and resources to explore, develop, construct and operate a mine; (o) the availability, supply and cost of power and other required resources or materials; (p) weather or severe climate impacts; (q) litigation; and (r) dependence on third parties for services and utilities.

The Company's operations are also subject to all of the hazards and risks normally encountered in the exploration and development of mineral projects and properties, including unusual and unexpected geologic formations, seismic activity, rock slides, ground instabilities or failures, mechanical failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.

Most of the above factors are beyond the control of the Company. The exact effect of these factors cannot be accurately predicted, but any one of these factors or a combination thereof may have a material adverse effect on the Company's business or operations.

**Title to Mineral Properties**

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. Where the Company has current or planned exploration activities, the Company believes that it has either contractual, statutory or common law rights to make such use of the surface as is reasonably necessary relating to those activities. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired.

Successful challenges to the title of the Company's properties could impair the development of operations on those properties.

The Company's properties include unpatented mining claims, patented mining claims, state prospecting permits and mineral rights on private lands. The Company's properties on unpatented mining claims is land owned and administered by the U.S. government. A valid unpatented mining claim is an interest in real property that can be bought, sold, mortgaged, devised, leased and taxed, but it is always subject to the paramount title of the U.S. and the rights of third parties to use the surface of the claim in a manner that does not unreasonably interfere with the claimant's activities. Unpatented mining claims are mining claims located and staked on available federal public domain land in accordance with the U.S. General Mining Law of 1872, with dimensions not to exceed 600 feet by 1,500 feet for lode claims (which constitute the great majority of the Company's unpatented mining claims), or 20 acres for placer claims. The process of locating an unpatented mining claim is initiated by the locator. Unpatented mining claims can be staked without any invitation from or grant by the federal government or any state government. A valid unpatented mining claim must include a discovery of valuable minerals. Prior to discovery, however, a mining claimant has a possessory right to conduct mineral exploration and development activities on the claim. The locator of a valid unpatented mining claim has the right to explore for, develop and mine minerals discovered on the claim, subject to compliance with the annual maintenance requirements of the U.S. Federal Land Policy and Management Act of 1976 which currently requires timely payment of an annual maintenance fee in order to maintain an unpatented mining claim.

Unpatented mining claims are unique property interests and are generally considered to be subject to greater title risk than private real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the U.S. General Mining Law of 1872. Also, unpatented mining claims and related rights, such as rights to use the surface, are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law, as well as comprehensive reform legislation. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on production from currently unpatented mining claims located on federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from the Company's operations, and it could reduce estimates of the Company's present resources and the amount of the Company's future exploration and development activity on federal lands.

**Permits and Licenses**

Although the Company either currently holds or has applied for or is about to apply for all consents which it requires to carry out its current drilling programs, the Company cannot be certain that it will receive the necessary permits and licenses on acceptable terms or at all, to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits could adversely affect the operations of the Company. Government approvals and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

**Exploration and Development Efforts May Be Unsuccessful**

There is no certainty that the expenditures to be made by the Company in the exploration and development of its properties as described herein will result in discoveries of mineralised material in commercial quantities. Most exploration and development projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineable deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes, to extract metal from ore, and to develop mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

**Negative Cash Flow**

The Company had negative operating cash flow for the financial year ended December 31, 2021. None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

The Company paid no dividends on its shares during the financial year ended December 31, 2021 and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

**No Mineral Resources or Reserves in Production**

The properties in which the Company has an interest or right to earn an interest are in the exploration or pre-development stages only and are without a known body of ore in commercial production.

**Liquidity and Financing Risk**

The Company has no source of operating cash flow and may need to raise additional funding in the future through the sale of equity or debt securities or by optioning or selling its properties. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that additional funding will be available for further exploration and development of the Company's properties when required, upon terms acceptable to the Company or at all. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, or even a loss of property interest, which would have a material adverse impact upon the Company.

**Mineral Prices May Not Support Future Profit**

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals can be volatile and is affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

**Infrastructure and Availability of Resources**

Development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power and water supplies are important determinants that affect the ability to operate and the costs of operations. The Company's ability to obtain a secure supply of power and water at a reasonable cost depends on various factors, including: (a) global and regional supply and demand; (b) political and economic conditions; (c) localized logistical challenges; (d) delivery; (e) successful negotiation of commercial agreements; and (f) relevant regulatory regimes. Unusual or infrequent weather phenomena, sabotage, new government laws and regulations, and other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect the Company’s ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on operating costs, capital expenditures and project development schedules.

**Acquisition Opportunities and Integration**

From time to time, the Company may pursue opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company’s business and operations and may expose the Company to new geographic, political, operating, financial and geological risks. The Company’s success in its acquisition activities will depend on its ability to identify suitable acquisition candidates that fit its business strategy, negotiate acceptable terms for any such acquisition, identify significant legal, financial or operational risks as part of the due diligence process, obtain approvals from regulatory authorities in the jurisdiction of the business or property to be acquired, and integrate the acquired operations successfully with those of the Company. Any mergers and acquisitions will be accompanied by risks. For example, there may be a significant change in commodity prices, applicable laws or other relevant facts after the Company has committed to complete the transaction and established the purchase price or exchange ratio; the conditions to closing a transaction may not be satisfied or the transaction may otherwise be terminated; a material mineralised deposit may prove to contain resources that are below the Company’s expectations; the due diligence process may fail to uncover all legal, financial and operational risks; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company’s ongoing business and its relationships with employees, customers, suppliers and contractors; and, to the extent that the Company makes an acquisition outside of markets in which it has previously operated, the Company may have difficulty conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on the Company’s cash flow if such acquisitions involve cash consideration. If the Company chooses to raise debt capital to finance any such acquisition, the Company’s leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. The integration of the Company’s existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of an acquired business or restructure the Company’s previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company’s management team, which may detract attention from the Company’s day-to-day operations, including development of the Copper Creek Project or the Contact Copper Project. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company’s business. In addition, the acquisition of mineral properties may subject the Company to unforeseen legal risks and liabilities, including environmental liabilities, which could have a material adverse effect on the Company. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

**Competition**

The mining industry is intensively competitive in all its phases. The Company competes with companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified personnel.

Competition in the mining industry is primarily focused on mineral rich properties which can be developed and produced economically and businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labor to operate the properties and the capital that is used to finance the development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees and contractors or acquire the capital necessary to fund its operations and develop its properties.

**Ability to Implement Business Strategy**

There can be no assurance that the management team of the Company will be successful in implementing its business strategy (including as set out in this AIF). The management team may experience difficulties in effecting key strategic goals such as the growth and development of the Copper Creek Project or the Contact Copper Project, or the successful exploration and development of exploration projects more generally. The performance of the Company's operations could be adversely affected if the management team of the Company cannot implement its stated business strategy effectively.

**Environmental and Other Regulations**

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, requires permits from various Canadian and U.S. Federal, Provincial and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and increase capital expenditures and production costs, reduce production levels at producing properties or cause abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions being taken thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage as a result of such operations and may have civil or criminal fines or penalties imposed against them for violations of applicable laws or regulations.

Climate change continues to be a top priority for many countries and jurisdictions around the world and governments and regulators continue to implement and develop new rules and regulations to control greenhouse gas emissions attributable to climate change. As part of their efforts to shift to lower-carbon economies, many governments have implemented carbon pricing, a mechanism that harnesses market forces to address climate change by creating financial incentives to lower emissions. Some of these mechanisms include the implementation of taxes on fuel sales, emissions trading schemes, and fossil fuel extraction fees, all of which are expected to play an ongoing role in global efforts to address climate change. The cost of compliance with various climate change regulations will ultimately be determined by the regulations themselves and by the markets that evolve for carbon credits and offsets and, as a result, the financial impact, if any, on the Company's operations cannot yet be fully understood.

**Uncertainty of Reserves and Mineralisation Estimates**

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralisation, including many factors beyond the control of the Company. The estimation of reserves and mineralisation is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of metals may also render reserves or mineralisation containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

**Foreign Operations**

The Company's foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labour practices and disputes, and uncertain political and economic environments, as well as risk of civil disturbances, or other risks that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies affecting foreign trade, investment and taxation. The Company currently has exploration projects located in the United States of America.

**Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realized in practice, which may materially and adversely impact the Company's ability to complete exploration work.

**Uninsurable Risks**

In the course of exploration, development and production of mineral properties, risks, including, but not limited to, unexpected or unusual geological or operating conditions, natural disasters, inclement weather conditions, pollution, rock bursts, cave-ins, fires, flooding, earthquakes, civil unrest, terrorism and political violence may occur. It is not always possible to fully insure against all risks associated with the Company's operations and the Company may decide not to take out insurance against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**Share Market Conditions and Volatility**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, including but not limited to: (a) announcements of mineral discoveries; (b) financial results; (c) general economic outlook; (d) introduction of tax reform or other new legislation; (e) interest rates and inflation rates; (f) changes in investor sentiment toward particular market sectors; (g) the demand for and supply of capital; and (h) terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Market prices for shares of early-stage companies, such as the Company, are often volatile. In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price or volume will not occur. It may reasonably be anticipated that any quoted market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential success or challenges of the Company in creating revenues, cash flows or earnings.

**Stress in the Global Economy**

Reduction in credit, combined with reduced economic activity and fluctuations in the U.S. dollar may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the ordinary risks associated with commodity prices.

The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effect of global economic stress on the capital markets generally makes the raising of capital, whether by way of equity or debt financing, more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events causing turmoil in global financial markets, may have a material adverse effect on the Company's business, operating results and financial condition.

**Current Global Financial Condition**

Global financial conditions have been subject to increased volatility in recent years. As such, the Company is subject to counterparty risk and liquidity. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash, and through companies that have payables to the Company. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil persist, the Company's operations could be adversely impacted and the trading price of the common shares could be adversely affected.

**Operating Hazards and Risks Associated with the Mining Industry**

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

**Trading Volume**

The current trading volume of the Company's common shares limits the liquidity of an investment in the Company's common shares.

**Possible Dilution to Present and Prospective Shareholders**

The Company's plan of operation, in part, contemplates the accomplishment of business goals and objectives through the issuance of securities of the Company and, possibly, incurring debt. Any transaction involving the issuance of common shares, or securities convertible into common shares, would result in dilution, potentially substantial, to present and prospective shareholders. In addition, the exercise of any of the Company's outstanding securities that are convertible or exercisable into common shares, including the Company's outstanding stock options and share purchase warrants, could result in dilution of the equity interests of shareholders.

**Dependence on Qualified Personnel**

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional resources may be required. The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. The failure to do so could have a material adverse effect on the Company.

**Reputational Damage to the Company**

Damage to the Company's reputation may occur as a result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputational loss or damage may reduce investor confidence, increase challenges in developing and maintaining community relations, and impede the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

**Regulatory Compliance**

Successful execution of the Company's business is contingent, in part, upon compliance with applicable regulatory requirements and obtaining all regulatory approvals that are necessary to and required for the operation of the Company's business.

The Company will incur ongoing costs and obligations related to regulatory compliance during the course of its operations. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs, or give rise to material liabilities, which could have a material adverse effect on the business, financial condition, and operating results of the Company.

**Regulatory Proceedings, Investigations and Audits**

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines, penalties or other adverse orders. The Company may become involved in a number of government or agency proceedings, investigations, and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business.

**Securities Analytics and Reports**

The trading market for the common shares of the Company could be influenced by the research and reports that industry or securities analysts publish about the Company. If one or more of these analysts cease coverage or fail to regularly publish reports, the Company could lose visibility in the financial markets, which in turn could cause the trading price or volume of its common shares to decline. Moreover, if one or more of such analysts downgrade the Company or its common shares or if the Company's operating results do not meet their expectations, the trading price of the common shares could decline.

**Litigation Risk**

The Company may become party to litigation from time to time in the ordinary course of its business which could adversely affect or delay its operations. Should any litigation in which the Company is, or becomes involved be determined against the Company, there may be material adverse consequences affecting the Company's ability to continue operating, the value of the Company's common shares and the use of the Company's resources. Even if the Company becomes involved in litigation and wins, such litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation, regardless of the outcome, may also create a negative perception of the Company's brand and lead to reputational harm.

**Legal and Accounting Requirements**

As a publicly-listed company, the Company is subject to numerous legal and accounting requirements that do not apply to private companies including the rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian and United States securities administrators and regulators, the CSE and any other applicable exchange. These rules and regulations continue to evolve in scope and complexity, and the cost of compliance with these requirements is material. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, the Company's inability to file required periodic reports on a timely basis, loss of market confidence, delisting of its securities and/or governmental or private actions against the Company. There can be no assurance that the Company will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis privately-held and larger public competitors.

**Accounting Policies and Internal Controls**

The Company prepares its financial reports in accordance with International Financial Reporting Standards. In preparation of its financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting, as further explained in its audited financial statements. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in this regard.

**Fraudulent or Illegal Activity by Employees, Contractors, and Consultants**

The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (a) government regulations; (b) manufacturing standards; (c) federal and provincial fraud and abuse laws and regulations; (d) environmental or health and safety laws, regulations or standards; or (e) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and the Company is not successful in defending itself or asserting its rights, such actions could have a significant impact on the Company, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, operations and financial condition.

**Tax**

No assurance can be given that the Company's tax filings will not be successfully challenged by tax authorities, new taxation rules will not be enacted, existing rules will not be changed, or existing rules will not be interpreted and applied upon audit by a tax administration in a manner which could result in the Company being subject to additional taxation or liability, or which could otherwise have a material adverse effect on the Company's results from operations or financial condition.

**COVID-19 and Other Public Health Crises**

The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infection diseases or viruses, such as the recent global outbreak of a novel coronavirus (COVID-19). Such public health crises, including the ongoing COVID-19, can result in volatility and disruption to global supply chains, trade and market sentiment, mobility of people, and global financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to the Company. The risks to the Company of such public health crises, including the ongoing COVID-19 pandemic, also include risks to employee health and safety, a slowdown or suspension of operations, additional non-compensable costs, and could result in the cancellation of contracts, as well as supply chain disruptions that could negatively impact the Company's business, financial condition and results of operations.

While governmental agencies and private sector participants have taken and are taking measures to mitigate the adverse effects of COVID-19, there can be no assurance that COVID-19 will not continue to adversely affect global economies and financial markets in a manner that results in a prolonged economic downturn and a decline in the value of the Company's stock price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the governmental actions taken to address COVID-19 or treat its impact, among others.

**Natural Disasters, Terrorist Acts, Civil Unrest, and Other Disruptions**

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, or region may not efficiently and quickly recover from such event, which could have a material adverse effect on the Company, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company, its customers, and/or either of their businesses or operations, which may have a material adverse effect on the Company's reputation, business, financial conditions or operating results.

**Information Systems and Cybersecurity Threats**

The Company is reliant on third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. Operations will depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. Operations will also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses, which may adversely impact the Company's reputation, financial condition and/or results of operations.

Although to date, the Company has not experienced any known material losses relating to cyber-attacks or other information security breaches, there can be no assurance that such events will not occur in the future. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

**Conflicts of Interest**

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in a project or opportunity of the Company.

If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. The Audit Committee will review and monitor all related party transactions and approve or disapprove of any material contracts where the board determines it has a conflict.

## DIVIDENDS

The Company does not pay dividends. The Company intends to retain its future earnings, if any, to fund the development and growth of its business. There are no restrictions in the articles of the Company or elsewhere which prevent the Company from paying dividends. However, the Company does not anticipate paying any dividends in the near future. Any decision to pay dividends on any shares of the Company will be made by the board of directors on the basis of the Company's earnings, financial requirements and other factors existing at such future time, including, but not limited to, commodity prices, production levels (if any), capital expenditure requirements, debt service requirements (if any), operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by the BCBCA for the declaration and payment of dividends.

## DESCRIPTION OF CAPITAL STRUCTURE

### Authorized Capital

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2021, there were 96,772,338 common shares issued and outstanding.

### Common Shares

Each common share entitles the holder thereof to receive notice of any meeting of shareholders of the Company and to attend and to cast one vote per common share at all such meetings. Holders of common shares are entitled to receive dividends, if any, as and when declared by the board of directors by the Company, in its discretion. For more information on the Company's dividend policy, see the "*Dividends*" section of this AIF. Upon the liquidation, dissolution or winding up of the Company, holders of common shares are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

### Share Purchase Warrants

As at December 31, 2021, the Company had 13,793,341 common share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 13,793,341 common shares.

### Stock Options

The Company's stock option plan (the "**Legacy Plan**") was adopted by the board of directors in 2014 and ratified by the shareholders of the Company on April 22, 2021. The Legacy Plan is a "rolling" stock option plan, whereby the aggregate number of common shares reserved for issuance under the Legacy Plan, together with any other common shares reserved for issuance under any other plan or agreement of the Company, shall not exceed 10% of the total number of issued and outstanding common shares (calculated on a non-diluted basis) at the time an option is granted. The Legacy Plan provides that the board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, options to purchase common shares. The Company does not intend to make any grants under the Legacy Plan going forward. All stock options previously granted under the Legacy Plan will continue to be governed by the terms thereof.

As at December 31, 2021, there were 15,000,000 stock options outstanding under the Legacy Plan and the LTIP (defined below), 8,171,667 of which were exercisable.

### Deferred Share Units, Restricted Share Units, Performance Share Units

On September 2, 2021, the board of directors adopted a long-term incentive plan (the "**LTIP**") which provides for the granting of deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), performance share units ("**PSUs**") and stock options (collectively, "**Awards**"). The LTIP was approved by the Company's shareholders at a special meeting held on October 15, 2021. Under the terms of the LTIP, the board or, if authorized by the board, a committee of the Company may from time to time grant Awards to eligible participants, including directors, officers, senior executives, consultants, management company employees and other employees of the Company or any of its subsidiaries. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grants of Awards will be evidenced by a grant agreement with each such participant. A maximum of 19,296,967 common shares are reserved for issuance under the LTIP (together with any other share-based compensation arrangement, including the Legacy Plan).

As at December 31, 2021, the Company had 333,334 RSUs outstanding which will be settled through the issuance of common shares in accordance with the applicable vesting schedules. There are no DSUs and PSUs outstanding as at December 31, 2021.

### Constraints

There are no constraints imposed on the ownership of the Company's securities to ensure that it maintains a required level of Canadian ownership.

### Ratings

None of the Company's securities have received a rating from a rating organization.

## MARKET FOR SECURITIES

### Trading Price and Volume

The common shares of the Company are listed and posted for trading on the CSE under the symbol "FDY". The following tables set forth information relating to the monthly trading of the common shares on the CSE for the financial year ended December 31, 2021.

| Month | Low ($) | High ($) | Volume |
|---|---|---|---|
| January 2021 | 0.25 | 0.40 | 5,942,576 |
| February 2021 | 0.33 | 0.82 | 9,004,115 |
| March 2021 | 0.44 | 0.74 | 5,755,920 |
| April 2021 | 0.52 | 0.61 | 2,027,391 |
| May 2021 | 0.53 | 0.72 | 2,341,028 |
| June 2021 | 0.38 | 0.64 | 2,716,603 |
| July 2021 | 0.35 | 0.49 | 1,545,588 |
| August 2021 | 0.36 | 0.50 | 1,019,452 |
| September 2021 | 0.40 | 0.65 | 3,885,088 |
| October 2021 | 0.62 | 0.84 | 2,712,540 |

| | | | |
|---|---|---|---|
| November 2021 | 0.63 | 0.82 | 1,435,392 |
| December 2021 | 0.53 | 0.77 | 1,392,176 |

## PRIOR SALES

The following table sets forth, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2021 and the number of securities of the class issued at that price and the date on which the securities were issued.

| Date of Issuance | Issuance Price per Security | Number of Securities |
|---|---|---|
| **Stock Options** | | |
| March 18, 2021(1) | Nil | 210,000 |
| June 9, 2021 | Nil | 325,000 |
| July 21, 2021 | Nil | 1,350,000 |
| October 15, 2021(2) | Nil | 9,650,000 |
| **Warrants** | | |
| September 16, 2021 | *See note #3* | 12,500,000 |
| **RSUs** | | |
| December 1, 2021 | $0.68 | 500,000 |

**Notes:**

(1) The March 18, 2021 stock options vest over two years.

(2) One third of the October 15, 2021 stock options vested immediately, one third will vest on October 15, 2022 and the remaining one third will vest on October 15, 2023.

(3) On September 16, 2021, the Company closed a private placement offering of 12,500,000 Units of the Company at a price of $0.40 per Unit. Each Unit consisted one common share and one common share purchase warrant entitling the holder thereof to purchase one common share at an exercise price of $0.60 within five years following the issuance.

## SECURITIES SUBJECT TO ESCROW OR CONTRACTUAL RESTRICTIONS ON TRANSFER

As of the date hereof, there are no securities of the Company that, to the knowledge of the Company, are subject to escrow or a contractual restriction on transfer.

## DIRECTORS AND OFFICERS

The following table sets forth, for each director and executive officer of the Company, the name, province or state and country of residence, the currently position held with the Company, the period during which each such director and executive officer of the Company has served as a director and/or executive officer, the principal occupation during the five preceding years, and the number and percentage of common shares beneficially owned by each director and executive officer of the Company as of the date hereof. All directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

| **Name, Residence and Offices Presently Held** | **Principal Occupation (for last five years)[(1)]** | **Director and/or Executive Officer Since** | **Shares Beneficially Owned or Controlled[(4)]** |
|---|---|---|---|
| Paul Harbidge<br>*Director, President and Chief Executive Officer*<br>British Columbia, Canada | President, CEO and Director of the Company; Director of Japan Gold; Former President, CEO and Director of GT Gold Corp; Former Senior Vice President of Exploration, Goldcorp Inc | September 2, 2021 | 1,337,500<br>(1.09%) |
| Russell Ball[(2)(3)]<br>*Director and Chair*<br>British Columbia, Canada | Director of Trevali Mining Corporation, Southern Silver Exploration Corp., and Ivanhoe Electric Inc.; Former CEO and Director of Calibre Mining Corp; Former CFO and Executive Vice President of Corporate Development of Goldcorp Inc. | September 2, 2021 | 2,375,000<br>(1.93%) |
| Alan Wilson[(2)]<br>*Director*<br>Anguilla, British West Indies | Director and Chief Geologist, Geo Aqua Consultants; Director of Heliostar Metals Ltd; Former International Exploration Manager, Grupo Antofagasta Minerals. | June 9, 2021 | Nil |
| Katherine Arnold<br>*Director*<br>Arizona, USA | Owner/Member of Next Plan, LLC; Former Director and Vice President of Environment, Rosemont Copper, Hudbay Minerals – Arizona Business Unit | April 19, 2022 | 62,575<br>(0.05%) |
| Randy Engel[(3)]<br>*Director*<br>Colorado, USA | Former Executive Vice President, Strategic Development, Newmont Corporation | April 19, 2022 | 250,000<br>(0.20%) |
| Robert Doyle[(3)]<br>*Director*<br>British Columbia, Canada | Former CFO of Pan American SilverCorp; Director of Maverix Metals Inc.; Director of Orezone Gold Corporation | April 19, 2022 | 187,500<br>(0.15%) |
| Audra Walsh[(2)]<br>*Director*<br>Seville, Spain | Director of Argonaut Gold Inc. and Calibre Mining Corp; Former CEO of Minas Aguas Tenidas, S.A.U. | April 19, 2022 | 250,000<br>(0.20%) |
| Graham Richardson<br>*Chief Financial Officer* | CFO of the Company; Former Senior Director of Finance and Accounting, Fortuna Silver Mines Inc.; Former Assistant Regional Controller - North America, | October 15, 2021 | 45,000<br>(0.04%) |

| Name, Residence and Offices Presently Held | Principal Occupation (for last five years)[(1)] | Director and/or Executive Officer Since | Shares Beneficially Owned or Controlled[(4)] |
|---|---|---|---|
| British Columbia, Canada | Newmont Corporation; Director, Finance Performance Management, Goldcorp Inc.; Finance Manager, Business Improvement & Project Controller, Goldcorp Inc; Manager, Internal Audit, Goldcorp Inc. | | |
| Zach Allwright<br>*Vice President, Projects & Evaluations*<br>British Columbia, Canada | Former Director – North America, Mining Plus Canada Consulting; Former Manager – Technical Services, Mining Plus Canada Consulting | October 15, 2021 | 33,900<br>(0.03%) |
| Thomas Bissig<br>*Vice President, Exploration*<br>British Columbia, Canada | Former Principal Consultant for Bissig Geoscience Consulting; Former Director Geochemistry, Newmont and Goldcorp Inc. | October 1, 2021 | 7,000<br>(0.01%) |

**Notes:**
(1) The information as to principal occupation, business or employment has been furnished by the respective directors and officers individually and is not within the knowledge of the Company.
(2) Member of the Compensation & Corporate Governance Committee.
(3) Member of the Audit Committee.
(4) Ownership percentages are calculated based on 122,962,438 common shares of the Company issued and outstanding as of the date hereof.

As at the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 4,548,475 common shares of the Company, representing approximately 3.70% of the issued and outstanding common shares. The information as to the number of common shares beneficially owned, or controlled or directed, not being within the knowledge of the Company, has been furnished by the respective directors and officers of the Company individually.

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

No director or executive officer of the Company, is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that:

1. was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

2. was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

1. is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Russell Ball was a director of Molycorp, Inc. ("**Molycorp**") from March 2010 until August 2016. In June 2015, Molycorp filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware. On November 3, 2016, Molycorp announced that it filed a joint plan of reorganization with the US Bankruptcy Court for the District of Delaware that proposed an emergence from chapter 11 protection and on August 31, 2016, Molycorp announced that such plan of reorganization became effective and Molycorp emerged from Chapter 11 protection.

Mr. Ball was also a director of Lydian International Limited ("**Lydian**") from June 2018 until March 12, 2020. On December 23, 2019, Lydian filed a petition for protection under the Companies' Creditors Arrangement Act ("**CCAA**"), which was granted to Lydian and its direct and indirect wholly-owned subsidiaries Lydian Canada Ventures Corporation and Lydian U.K. Corporation Limited. A stay was also granted against certain other subsidiaries of Lydian. The supervising court granted an extension of protection under the CCAA until April 30, 2020.

Mr. Ball is currently a director of Trevali Mining Corporation ("**Trevali**"). On August 19, 2022, Trevali made an application to the British Columbia Supreme Court for an initial order for creditor protection under the CCAA, which was granted to Trevali and its wholly-owned subsidiary Trevali Mining (New Brunswick) Ltd. on August 19, 2022. Trading of Trevali's common shares on the Toronto Stock Exchange was halted on August 22, 2022.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

1. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

2. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors and officers of other public or private companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies.

The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board, any director in a conflict is required to disclose his interest and abstain from voting on such matter in accordance with the BCBCA.

## PROMOTERS

To the best of the Company's knowledge, no person is a promoter of the Company or has been a promoter of the Company within the two most recently completed financial years or during the current financial year preceding the date of this AIF.

## LEGAL PROCEEDINGS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, during the most recently completed financial year and there are no such legal proceedings that the Company knows to be contemplated.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements that the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as previously disclosed in this AIF or as disclosed below, no director, executive officer or beneficial holder of 10% or more of the common shares of the Company, or any associate or affiliate thereof, had any interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

On September 16, 2021, the Company completed a non-brokered private placement offering of units of the Company at a price of $0.40 per unit for aggregate gross proceeds of $5,000,000. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.60 for a five-year period. Paul Harbidge (Director, President and CEO) and Russell Ball (Director and Chair) subscribed for a total of 3,000,000 units under the offering for aggregate proceeds to the Company of $1,200,000.

On May 5, 2022, the Company completed a non-brokered private placement offering of common shares at a price of $0.80 per common share for aggregate gross proceeds of $20,000,000. Paul Harbidge (Director, President and CEO), Russell Ball (Director and Chair), Randy Engel (Director), Robert Doyle (Director), Katherine Arnold (Director), Audra Walsh (Director) and Zach Allwright (VP, Projects & Evaluations) subscribed for a total of 1,437,500 common shares for aggregate proceeds to the Company of $1,150,000.

## TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent for the Company's common shares is Computershare Investor Services Inc. at its office in Vancouver, British Columbia.

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company during the most recently completed financial year or before the most recently completed financial year which are still in effect.

## INTERESTS OF EXPERTS

The following persons and companies are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Company under National Instrument 51-102 – Continuous Disclosure Obligations, published by the Canadian Securities Administrators, during, or relating to, the most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person, firm or Company:

- Berkley J. Tracy, McSc, Geology, PG, CPG, P. Geo, Principal Consultant, SRK, Erin Patterson, P.E., Manager, Minerals & Metals, Ausenco, Ben Parsons, MSc MAusIMM (CP), Principal Consultant, SRK in respect of the Copper Creek Technical Report;

To the best knowledge of the Company, after reasonable enquiry, none of the foregoing persons or companies, beneficially own, directly or indirectly, or exercises control or direction over any securities of the Company representing more than one per cent of the outstanding common shares. None of the aforementioned persons or firms, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Company or of any associate or affiliate of the Company.

The auditor of the Company is Smythe LLP, Chartered Professional Accountants. Smythe LLP has confirmed that it is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and applicable legislation or regulations.

## AUDIT COMMITTEE

### Audit Committee Charter

In accordance with applicable Canadian securities legislation and, in particular, National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), information with respect to the Company's Audit Committee is contained below. The full text of the Audit Committee's charter is attached hereto as Schedule "A". The Audit Committee is principally responsible for:

1. recommending to the board of directors of the Company the external auditor to be nominated for election by shareholders at each annual general meeting and negotiating the compensation of such external auditor;

2. overseeing and reviewing the work of the external auditor;

3. reviewing the Company's annual and interim financial statements, management discussion and analysis and press releases regarding earnings before they are reviewed and approved by the board and publicly disseminated by the Company; and

4. reviewing the Company's financial reporting procedures and internal controls to ensure adequate procedures are in place for the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

**Composition of the Audit Committee**

As of the date hereof, the Audit Committee of the Company consists of Robert Doyle (Chair), Russell Ball and Randy Engel, each of whom are "independent" and "financially literate" within the meaning to NI 52-110.

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the board, reasonably interfere with the exercise of the member's independent judgment. NI 52-110 also provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**Relevant Education and Experience**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member is set forth below.

***Robert Doyle***

Robert Doyle has more than 20 years of international experience in corporate finance, management and capital planning with roles in advisory, banking and public companies. Since 2004, Mr. Doyle has served as the Chief Financial Officer of Pan American Silver Corp., a TSX and NASDAQ-listed mining company with a market capitalization of approximately $6.7 billion. Mr. Doyle currently serves on the board of Maverix Metals Inc. and Orezone Gold Corporation. He also serves as a board member and co-chair of the Investment and Finance Committee of The Nature Trust of BC, a non-profit conservation organization. Mr. Doyle holds a Bachelor's Degree in Finance and a Graduate Diploma in Accounting from the University of Cape Town and is a Chartered Financial Analyst. In 2019, Mr. Doyle was recognized as British Columbia's CFO of the Year by "Business in Vancouver" for large public companies.

***Russell Ball***

Russell Ball is the former Chief Executive Officer and Executive Chair of Calibre Mining Corp. Previously, Mr. Ball was Executive Vice President and Chief Financial Officer of Goldcorp Inc., a role he assumed in March 2016 after initially joining Goldcorp Inc. in 2013 and serving as Executive Vice President of Capital Projects, Strategy and Corporate Development. Prior to his role with Goldcorp Inc., he served in varying capacities at Newmont Mining Corporation for almost twenty years, culminating with his appointment as Executive Vice President and Chief Financial Officer. He currently serves on the board of Trevali Mining Corporation, Southern Silver Exploration Corp. and Ivanhoe Electric Inc. Mr. Ball qualified as both a Chartered Accountant (South Africa) and a Certified Public Accountant (USA).

***Randy Engel***

Mr. Engel was elected Executive Vice President, Strategic Development of Newmont Corporation in October 2008, a position held until his retirement on April 4, 2021. Previously, Mr. Engel served as Senior Vice President, Strategy and Corporate Development for Newmont since July 2007. Mr. Engel served as Vice President, Strategic Planning and Investor Relations from 2006 to 2007; Group Executive, Investor Relations from 2004 to 2006; and Assistant Treasurer from 2001 to 2004. Mr. Engel had been with Newmont since 1994 and has served in various capacities in the areas of business planning, corporate treasury and human resources. Mr. Engel holds a Master of Science degree in Finance from the University of Denver, and a Bachelor Degree in Business Administration from the University of Colorado.

**Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110;
- the exemption in Section 3.2 (*Initial Public Offerings*) of NI 52-110;
- the exemption in Section 3.4 (*Events Outside Control of Member*) of NI 52-110;
- the exemption in Section 3.5 (*Death, Disability or Resignation of Audit Committee Member*) of NI 52-110;
- an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*);
- the exemption in Subsection 3.3(2) (*Controlled Companies*) of NI 52-110; or
- the exemption in Section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) of NI 52-110.

Since the commencement of the Company's most recently completed financial year, the Company has not relied upon Section 3.8 (*Acquisition of Financial Literacy*) of NI 52-110.

**Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the board.

**Pre-Approval Policies and Procedures**

All non-audit services provided by the Company's auditor to the Company or its subsidiaries are, to the extent and in the manner required by applicable law or regulation, subject to pre-approval by the Audit Committee.

**External Auditor Services Fees**

The Audit Committee has reviewed the nature and amount of the services provided by Smythe LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. Fees incurred with Smythe LLP, Chartered Professional Accountants for audit services in the Company's financial years ended December 31, 2021 and 2020 are outlined below:

| Nature of Services | Fees Paid to Auditor in Year Ended December 31, 2021 | Fees Paid to Auditor in Year Ended December 31, 2020 |
|---|---|---|
| Audit Fees[(1)] | $29,000 | $28,000 |
| Audit Related Fees[(2)] | Nil | Nil |
| Tax Fees[(3)] | $14,500 | $14,900 |
| All Other Fees[(4)] | Nil | Nil |
| **Total** | **$43,500** | **$42,900** |

**Notes:**

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) **"Audit-Related Fees"** include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) **"Tax Fees"** include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) **"All Other Fees"** include all other non-audit services.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's SEDAR profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the management information circular dated March 14, 2022 and filed in connection with the annual general and special meeting of shareholders held on April 19, 2022. Such information for the year ended December 31, 2021 will be updated and contained in the Company's management information circular required to be prepared and filed in connection with its annual meeting of shareholders.

Additional financial information is provided in the Company's annual financial statements and MD&A for the year ended December 31, 2021, each of which is available under the Company's SEDAR profile at www.sedar.com.

# SCHEDULE A

## FARADAY COPPER CORP
## AUDIT COMMITTEE CHARTER

(adopted by the Board of Directors and Audit Committee of the Corporation on June 22, 2022)

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Faraday Copper Corp ("**Faraday**").

### 1.0 Purpose

The Committee oversees the accounting and financial reporting processes of Faraday and its subsidiaries and all audits and external reviews of the financial statements of Faraday on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of Faraday and its subsidiaries.

### 2.0 Composition and Procedures

**2.1** The Committee shall be appointed annually by the Board and shall be composed of at least three members, each of whom must be a director of Faraday.

**2.2** Each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her appointment, provided that any member of the Committee may be removed or replaced at any time by the Board and shall at any time cease to be a member of the Committee on ceasing to be a director.

**2.3** Each Committee member must be independent, within the meaning of National Instrument 52-110 ("NI 52-110").

**2.4** Every Committee member must be financially literate, within the meaning of NI 52- 110.

### 3.0 Meetings

**3.1** The times of and the places where meetings of the Committee will be held and the calling of and the procedure at those meetings shall be determined from time to time by the Committee, but in any event, the Committee will meet on a regular basis at least once every quarter; provided that notice of every such meeting shall be given to the Auditor (as defined in paragraph 4.1 below) of Faraday and that meetings shall be convened whenever requested by the Auditor or any member of the Committee in accordance with the Canada Business Corporations Act.

**3.2** Two members of the Committee shall constitute a quorum.

### 4.0 Duties and Responsibilities

The duties and responsibilities of the Committee, as they relate to the following matters, are as follows:

**4.1** ***Appointment, Oversight and Compensation of Auditor***

i. The Committee shall recommend to the Board:

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

b. the compensation of the Auditor.

ii. In making such recommendations, the Committee shall evaluate the Auditor's performance and review the Auditor's fees for the preceding year.

iii. The Auditor shall report directly to the Committee.

iv. The Committee shall be directly responsible for overseeing the work of the Auditor, including the resolution of disagreements between management and the Auditor regarding financial reporting.

v. The Committee shall review information, including written statements from the Auditor, concerning any relationships between the Auditor and Faraday or any other relationships that may adversely affect the independence of the Auditor and assess the independence of the Auditor.

**4.2** ***Non-Audit Services***

All auditing services and non-audit services provided to Faraday or Faraday's subsidiaries by the Auditor shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Committee. In no circumstances shall the Auditor provide any non-audit services to Faraday that are prohibited by applicable law or regulation.

**4.3** ***Review of Financial Statements etc.***

i. The Committee shall review Faraday's:

a. interim and annual financial statements and Management's Discussion and Analysis, intended for circulation among shareholders; and

b. Annual Information Form only to the extent that it contains financial information or projections, and shall report on them to the Board.

ii. The Committee shall satisfy itself that the audited financial statements and interim financial statements present fairly the financial position and results of operations in accordance with generally accepted accounting principles and that the Auditors have no reservations about such statements.

iii. The Committee shall review changes in the accounting policies of Faraday and accounting and financial reporting proposals that are provided by the Auditor that may have a significant impact on Faraday's financial reports, and report on them to the Board.

**4.4** ***Review of Public Disclosure of Financial Information***

i. The Committee shall review Faraday’s annual and interim press releases relating to financial results before Faraday publicly discloses this information.

ii. The Committee must be satisfied that adequate procedures are in place for the review of Faraday’s public disclosure of financial information extracted or derived from Faraday’s financial statements, other than the public disclosure referred to in subsection 4.4(i), and must periodically assess the adequacy of those procedures. Compensation Policies and Practices.

**4.5** ***Review of the Annual Audit***

i. The Committee shall review the nature and scope of the annual audit, and the results of the annual audit examination by the Auditor, including any reports of the Auditor prepared in connection with the annual audit.

ii. The Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect the audited financial statements.

iii. The Committee shall satisfy itself that, where there are unsettled issues that do not affect the audited financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

iv. The Committee shall satisfy itself that there is generally a good working relationship between management and the Auditor.

**4.6** ***Review of Quarterly Review Engagements (as applicable)***

i. The Committee shall review the nature and scope of any review engagements for interim financial statements, and the results of such review engagements by the Auditor, including any reports of the Auditor prepared in connection with such review engagements.

ii. The Committee shall satisfy itself that there are no unresolved issues between management and the Auditor that could affect any interim financial statements.

iii. The Committee shall satisfy itself that, where there are unsettled issues that do not affect any interim financial statements (e.g. disagreements regarding correction of internal control weaknesses, or the application of accounting principles to proposed transactions), there is an agreed course of action leading to the resolution of these matters.

**4.7** ***Internal Controls***

i. Management shall have responsibility for the design, implementation, and operation of disclosure controls & procedures and the internal controls over financial reporting (collectively “**Internal Control**”) for Faraday and its subsidiaries.

ii. The Committee shall have responsibility for oversight of management reporting and Internal Control for Faraday and its subsidiaries.

iii. The Committee shall satisfy itself that there are adequate procedures for review of interim statements and other financial information prior to distribution to shareholders.

**4.8** ***Complaints and Concerns***

The Committee shall adhere to Faraday's Whistleblower Policy procedures for:

i. the receipt, retention and treatment of complaints received by Faraday regarding accounting, internal accounting controls, or auditing matters; and

ii. the confidential, anonymous submission by employees of Faraday of concerns regarding questionable accounting or auditing matters.

**4.9** ***Hiring Practices***

The Committee shall review and approve Faraday's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of Faraday.

**4.10** ***Other Matters***

i. The Committee shall review and monitor all related party transactions which may be entered into by Faraday.

ii. The Committee shall approve, or disapprove, material contracts where the Board determines it has a conflict.

iii. The Committee shall satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulations relating to insider trading, continuous disclosure and financial reporting.

iv. The Committee shall **annually** review the adequacy of this Charter and recommend any changes to the Board.

v. The Board may refer to the Committee such matters and questions relating to the financial position of Faraday and its affiliates as the Board from time to time may see fit.

**5.0** **Rights and Authority of the Committee and Members Thereof**

**5.1** The Committee has the authority:

i. to engage independent counsel and other advisors as it determines necessary to carry out its duties;

ii. to set and require Faraday to pay the compensation for any advisors employed by the Committee; and

iii. to communicate directly with the Auditor and, if applicable, Faraday’s internal auditor.

**5.2** The members of the Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of Faraday and its affiliates and to discuss those accounts and records and any matters relating to the financial position of Faraday with the officers and Auditor of Faraday and its affiliates, and any member of the Committee.

**6.0 Miscellaneous**

Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of Faraday or members of the Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.