



# **FARADAY COPPER**

**FARADAY COPPER CORP.**

**ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**March 12, 2024**

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## TABLE OF CONTENTS

	Page
CAUTIONARY STATEMENT .....	3
CORPORATE STRUCTURE .....	4
GENERAL DEVELOPMENT OF THE BUSINESS .....	4
DESCRIPTION OF THE BUSINESS .....	7
MATERIAL MINERAL PROPERTY .....	10
RISK FACTORS .....	41
DIVIDENDS .....	55
DESCRIPTION OF CAPITAL STRUCTURE .....	55
MARKET FOR SECURITIES .....	57
PRIOR SALES .....	58
SECURITIES SUBJECT TO ESCROW OR CONTRACTUAL RESTRICTIONS ON TRANSFER .....	58
DIRECTORS AND OFFICERS .....	58
PROMOTERS .....	62
LEGAL PROCEEDINGS .....	62
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	62
TRANSFER AGENTS AND REGISTRARS .....	62
MATERIAL CONTRACTS .....	62
INTERESTS OF EXPERTS .....	63
AUDIT COMMITTEE .....	63
ADDITIONAL INFORMATION .....	66
SCHEDULE A FARADAY COPPER CORP AUDIT COMMITTEE CHARTER .....	I

## **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. (“**Faraday**” or 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 Project and the Copper Creek Project (each as defined below), the anticipated use of proceeds of the Q1 2023 Offering (as defined below), 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; 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, 2023 and 2022 available under the Company’s SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.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." On June 20, 2023, the shareholders of the Company approved an amendment to the Company's articles to remove a clause permitting the appointment of alternate directors. There have been no other material amendments to the Company's articles since October 21, 2014.

On November 3, 2022, the common shares of the Company (the "**Common Shares**") commenced trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "FDY" and were delisted from the Canadian Securities Exchange (the "**CSE**"). As of August 25, 2022, the Common Shares commenced trading in the United States on the OTCQX Best Market (the "**OTCQX**") under the symbol "CPPKF".

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.

<b>Name of Subsidiary</b>	<b>Jurisdiction of Incorporation</b>	<b>Percentage Ownership</b>
CopperBank Royalties Corp.	British Columbia, Canada	100%
Enexco International Inc.	Nevada, USA	100%
Redhawk Copper Inc.	Arizona, USA	100%
Redhawk Ranch Land Holdings LLC	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, through its wholly owned subsidiaries, owns 100% of two exploration-stage resource properties:

- the Copper Creek project, a 100% owned copper deposit located in Pinal County, Arizona, approximately 80 road kilometres northeast of Tucson and 25 road kilometres northeast of San Manuel (the "**Copper Creek Project**") being its sole material project; and

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

The Company is in the exploration and development stage with respect to its mineral property interests and neither the Copper Creek Project nor the Contact Copper Project have, as of yet, achieved commercial production.

Further information about the Company can be found in the Company’s regulatory filings available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and on the Company’s website at [www.faradaycopper.com](http://www.faradaycopper.com).

### **Three Year History**

#### ***Financial Year Ended December 31, 2023***

On October 12, 2023, the Company announced the commencement of its Phase III drilling program at the Copper Creek Project.

On October 5, 2023, the Company announced results for the gold assays from the Childs Aldwinkle breccia at the Copper Creek Project. The Company analyzed archived material, which was not previously assayed for gold, with the aim of increasing data coverage.

On August 1, 2023, the Company announced the results for the final two drill holes of its Phase II drilling program at the Copper Creek Project, which included a total of 28 drill holes and was completed in June 2023.

At the annual and special meeting of shareholders held on June 20, 2023, the Company’s shareholders approved (i) an amendment to the articles of the Company to remove a clause permitting the appointment of alternative directors and (ii) an amendment and restatement of the LTIP (defined below) to, among other things, convert the LTIP to an evergreen plan.

On May 3, 2023, the Company announced the results from a preliminary economic assessment (“**PEA**”) and an updated mineral resource estimate (“**MRE**”) for the Copper Creek Project and, in support thereof, the Company filed a technical report titled “Copper Creek Project NI 43-101 Technical Report and Preliminary Economic Assessment” on SEDAR+ on June 13, 2023.

On March 9, 2023, the Company announced that Redhawk Copper, Inc. (“**Redhawk Copper**”), a wholly-owned subsidiary of the Company, entered into a letter of intent with Proteus Power Development LLC relating to the development of a new solar photovoltaic power generation facility and battery energy storage system to be located at the Copper Creek Project.

On March 6, 2023, Redhawk Copper acquired a 32,000-acre ranch land package in Arizona adjacent to the Copper Creek Project (the “**Mercer Ranch**”) from Mercer Ranch Land Holdings, LLC, Mike Mercer, Laurie Brausch and Sombrero Butte Cattle, LLC (together, the “**Sombrero Vendors**”) for total consideration paid to the Sombrero Vendors of US\$10 million (the “**Sombrero Acquisition**”). All of the Sombrero Vendors are arm’s length parties to the Company.

The Company entered into an underwriting agreement (the “**Underwriting Agreement**”) on February 6, 2023 with a syndicate of underwriters led by Canaccord Genuity Corp. to sell on a bought deal basis

43,478,000 Common Shares at a price of \$0.80 per Common Share. In addition, the Company granted the underwriters an over-allotment option to purchase up to an additional 5,625,000 Common Shares at a price of \$0.80 per Common Share. On February 14, 2023, the Company completed the offering, whereby a total of 49,999,700 Common Shares were issued by the Company, including 6,521,700 Common Shares issued in connection with the exercise in full of the over-allotment option, pursuant to a prospectus supplement to the Base Shelf Prospectus (defined below) for aggregate gross proceeds to the Company of \$39,999,760 (the “**Q1 2023 Offering**”). The Company intends to use (or, as applicable, has used) the net proceeds from the Q1 2023 Offering to fund the Sombrero Acquisition, for exploration and development of the Copper Creek Project, as well as for working capital and general corporate purposes.

### ***Financial Year Ended December 31, 2022***

Effective December 7, 2022, Smythe LLP, Chartered Professional Accountants resigned as auditor of the Company and Deloitte LLP, Chartered Professional Accountants was appointed as auditor of the Company.

On November 10, 2022, the Company announced the appointment of Arndt Brettschneider to the board of directors of the Company.

On November 1, 2022, the Company announced that it had commenced its planned 10,000-metre Phase II diamond drill program at the Copper Creek Project on October 30, 2022.

The Company filed a short form base shelf prospectus (the “**Base Shelf Prospectus**”) on October 21, 2022 pursuant to which the Company may, from time to time, offer and issue (i) Common Shares; (ii) preferred shares; (iii) debt securities; (iv) warrants to purchase Common Shares, preferred shares or debt securities; (v) subscription receipts; and (vi) any combination of such securities or units comprised of one or more of such securities with an aggregate offering price not to exceed \$75,000,000 (or its equivalent in U.S. dollars or any other currency used to denominate such securities at the time of offering) during the 25-month period that the Base Shelf Prospectus remains valid.

On October 21, 2022, the Company announced that it had received conditional approval to list its Common Shares on the TSX and, on November 3, 2022, the Common Shares commenced trading on the TSX and were delisted from the CSE. As a result of the listing of the Common Shares on the TSX, the Company ceased to be a “venture issuer” (as defined under National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”)) on November 3, 2022.

On August 25, 2022, the Common Shares commenced trading in the United States on the OTCQX under the symbol “CPPKF”.

On August 18, 2022, the Company announced that it had filed the technical report titled “NI 43-101 Technical Report Mineral Resource Estimate Copper Creek Project, Arizona” with an effective date of July 6, 2022.

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

On May 5, 2022, the Company announced the closing of its previously-announced and upsized non-brokered private placement offering of 25,000,000 Common Shares at a price of \$0.80 per Common Share for aggregate gross proceeds of \$20 million.

At 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 directors were elected to serve on the board of the Company: Katherine Arnold, Audra Walsh, Robert Doyle and Randy Engel.

### ***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 ("Units") at a price of \$0.40 per Unit for aggregate gross proceeds of \$5,000,000. Each Unit consists of one Common Share and one Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share 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 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 originally 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 its convertible debentures issued on June 17, 2019.

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.

## **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 Resources"). In August of 2018, the Company acquired all of the issued and

outstanding shares of Redhawk Resources 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 to each shareholder of Redhawk Resources for each Redhawk Resources share held. A total of 66,047,090 Common Shares were issued to shareholders of Redhawk Resources, representing 25% of the issued and outstanding Common Shares at the time on a post-transaction basis. Upon the completion of the Redhawk Acquisition, Redhawk Resources 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 “Copper Creek Project NI 43-101 Technical Report and Preliminary Economic Assessment”, with an effective date of May 3, 2023 and filed by the Company on SEDAR+ on June 13, 2023 (the “**Copper Creek Technical Report**”).

The Company acquired the Contact Copper Project in 2014 from International Enxco 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 Enxco International Ltd. by Hard Rock Consultants LLC, published October 1, 2013.

### **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, 2023, the Company had deposited US\$30,000 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 14 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 Personnel*" 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 – Foreign Operations*" 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 are, and any future exploration or development projects will be, 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 and 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 – Environmental and Other Regulations*" 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 reviews and evaluates the HSEC Policy on an annual basis.

### **MATERIAL MINERAL PROPERTY**

The Company's sole material project is the Copper Creek Project (in this section, "**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 "Copper Creek Project NI 43-101 Technical Report and Preliminary Economic Assessment", with an effective date of May 3, 2023 and filed by the Company on SEDAR+ on June 13, 2023 authored by Erin L. Patterson, P.E., Ausenco Engineering USA South Inc. ("**Ausenco**"),

Peter Mehrfert, P. Eng., Ausenco Engineering Canada Inc., Scott C. Elfen, P.E., Ausenco Engineering Canada Inc., Scott Weston, P. Geo., Ausenco Sustainability Inc., Berkley Tracy, P.G., CPG, P. Geo., SRK Consulting (USA) Inc. (“**SRK**”), Bob McCarthy, P. Eng., SRK Consulting (Canada) Inc., Jarek Jakubec, C. Eng., FIMMM, SRK Consulting (Canada) Inc., and Robert W. Pratt, P.E., Call & Nicholas Inc. The below summary is subject to all the assumptions, qualifications and procedures set out in the Copper Creek Technical Report, which is incorporated by reference into this AIF. 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.sedarplus.com](http://www.sedarplus.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 kilometres (km) northeast of Tucson, Arizona, 19 km northeast of San Manuel, Arizona, and 13 km east of Mammoth, Arizona. The Project area entails private, state, and federal surface and mineral rights, and livestock grazing leases located within Pinal County Township 7 and 8 South, Range 18 East, Township 8 and 9 South, Range 17 East, and Graham County Township 7 and 8 South, Range 19 East.

Faraday, through its wholly owned subsidiary Redhawk Copper Inc. controls 100% of the Copper Creek Project. The Project consists of approximately 73 square kilometres (km<sup>2</sup>), spanning 61 patented mining claims (4.70 km<sup>2</sup>; 1,161 acres), 14 private land parcels (28.00 km<sup>2</sup>; 6,918 acres), 17 Arizona State Land Department (“**ASLD**”) prospecting permits (20.03 km<sup>2</sup>; 4,950 acres), 325 Bureau of Land Management (“**BLM**”) unpatented mining claims (20.53 km<sup>2</sup>; 5,074 acres), and six livestock grazing leases (~26,000 acres) which partially overlap with the private land and claim parcels mentioned above. The Project headquarters are located in San Manuel, Arizona.

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

The Company has an agreement in place with D&G Mining Company for four unpatented mining claims (“**Moose claims**”) that are located within the land package boundary. The property can be accessed via the Bunker Hill Road which runs through Faraday-controlled ranch land. 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 most of the 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 \$3,000,000 (\$500,000 per year over 6 years) is due to Franco Nevada Corporation (“**Franco**”) 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 on all production from certain areas within Faraday’s control. This royalty is a small portion of the current area of the Copper Creek mineral resource.

## **Geology and Mineralization**

The property is in the prolific porphyry copper region of southwestern North America at the projected intersection of a major northwest-trending belt of copper deposits (Ray, Miami/Globe, Superior/Resolution, and Johnson Camp) and a major east-northeast trending 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 mineralization.

The Palaeocene Copper Creek batholith intruded Palaeocene Glory Hole volcanics and Proterozoic to Palaeozoic sedimentary rocks and is the main mineralization 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 granodiorites to quartz diorite porphyry dykes and plugs have been recognized; these largely intruded as narrow, steeply dipping dykes and plugs before and during mineralization.

The underground resource occurs largely in early halo porphyry-style veins and magmatic cupola zones, while the open pit resource is dominantly hosted in magmatic-hydrothermal breccias. Hypogene copper mineralization is predominantly contained in chalcopyrite and bornite. During deposit formation, the near-surface mineralized 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 long history of small-scale mining dating from the 1860s that is detailed in Section 6 of the Copper Creek Technical Report. 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 and Old Reliable.

Exploration conducted on Copper Creek dates back to 1914. Various historical resource estimates on the Project have been provided by various authors since 2012. These resources are historical in nature. The historical estimates that predate the Copper Creek Technical Report have been superseded by the mineral resource in the Copper Creek Technical Report.

After the 2013 PEA and through 2016, Anglo American funded a 7,572m drilling program and additional exploration work under an option agreement with Redhawk Copper, Inc. On August 31, 2018, CopperBank Resources, Corp. (“**CopperBank**”) acquired Redhawk Resources, the parent company of Redhawk Copper, Inc., in which Copper Creek became the flagship project of its portfolio. CopperBank continued to operate the Copper Creek Project under the Redhawk Copper, Inc. name in the United States of America (“**USA**”).

In September 2021 a new team took over the management of the company and recommenced technical work on the project which included the commencement of 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 Phase I 6,000m 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. All subsequent work has been completed under the Faraday Copper Corp. name.

The Phase I drilling program was completed by Faraday in June 2022 and totalled 5,923 m in nine drillholes. The Copper Creek Technical Report includes an updated geological model and current MRE for which assays collected from the Phase I and historical drilling were utilized.

In May 2022, Faraday delivered a geological model based on the relogging of approximately 15,000 m of historical core covering the breccia-style mineralization, 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 mineralization completed by Faraday geologists. In 2023, these data and new information from Phase I drilling (February to June 2022) were modelled in Seequent Leapfrog GeoTM to generate three-dimensional 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 m contour topography.

In October 2022, Faraday initiated Phase II drilling which concluded in May 2023, totaling 8,808 m in 28 drillholes. Final results were reported in August 2023. The program was focused on areas near the 2022 MRE but also drilled previously untested targets, provided geotechnical data and material for metallurgical testing. The results will be incorporated into future resource updates.

In October 2023, Faraday initiated Phase III drilling, which is currently on-going. The program is focused on testing new areas with discovery potential and identifying high-grade areas and vertically continuous mineralized zones at American Eagle. Initial results of the new Starship and Eclipse breccia discoveries, approximately 800 m southeast of the MRE were reported in January and March, 2024, respectively. Results for two holes targeting high-grade zones at depth in the American Eagle area were reported in February 2024.

Significant exploration upside remains at the Copper Creek Project. There are several hundred known breccia occurrences mapped at surface, of which less than 40 have been drilled and 17 are included in the current MRE. Faraday continues to develop exploration plans for drilling at the Project. As disclosed in periodic news releases by Faraday, exploration and infill drilling has been completed since the data cut-off date for the Copper Creek Technical Report. These drillhole data will be incorporated into future model and estimation updates.

### **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). In the San Manuel office, 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. This has also been verified by selective reanalysis of archived pulverized sample material from historical drilling.

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 tarpaulins that were temporarily staged outside. Fine pulps from historical drill programs are boxed and stored securely in the exploration office.

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).

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 20 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 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. Third-party check assay results were obtained through SGS laboratories in Burnaby, British Columbia and Skyline

Laboratories, Tucson, Arizona for Phase I and II drilling programs. The following sections summarize historical and modern QA/QC results.

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. All drill cores, pulps, and rejects 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 Processing and Metallurgical Testing**

A metallurgical test work program utilizing samples from the Phase I drilling was completed in April 2023 to complement the historical test work. Metallurgical testing which evaluated comminution properties, mineralogy, and flotation response was conducted by ALS Metallurgy, Kamloops ("ALS"), and tailings filtration testing was completed by BaseMet, Kamloops, with oversight by Ausenco.

The outcomes of the 2023 test work were assimilated with the historical test work from Mountain States R&D International (MSRDI 1995 & 1997) and METCON Research (METCON, 2008 & 2012) to form the basis of the process design criteria for the PEA.

The general mineralogy of Copper Creek samples is summarized as follows:

- Copper bearing sulphide mineral grains are generally very coarse, measured at distributions of 130  $\mu\text{m}$  P<sub>80</sub>. The sulphide grains measured high degrees of liberation at primary grind sizes of 150  $\mu\text{m}$  P<sub>80</sub>.
- Chalcocite occurs on the upper portions within the oxide and transitional 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 is the primary copper sulphide in the main hypogene zone and occurs with minor levels of bornite.
- Bornite commonly occurs together with chalcopyrite at depth at American Eagle and the Keel cupola zone.
- MSRDI indicates that some tennantite occurs, usually overprinting chalcopyrite and bornite, in samples that originated below 1,055 m depth. Above this elevation, the tennantite content is generally at trace levels.

- The metallurgical samples evaluated were generally low in pyrite content.

Historical comminution data indicated ball mill bond work index values ranging from 12.7 to 15.7 kWh/t. 2023 program testing at ALS Metallurgy confirmed this range of grindability values on 8 samples which averaged 14.0 kWh/t. SAG Mill Comminution drop weight tests were also conducted, which suggested an Axb value of 38 would be suitable for design to process the harder sulphide material.

Flotation performance confirmed the favourable response on sulphide samples that had been measured in historical test programs. Copper recoveries of 94% to final concentrates were achieved at primary grind sizes of approximately 200  $\mu\text{m}$  P<sub>80</sub> and modest levels of regrinding. Transitional flotation response was more varied but suggested that the copper sulphide minerals performed similarly. Oxide minerals such as malachite and azurite were activated by sulphidization which augmented copper recovery. Final concentrate grades were achieved on transitional samples without regrinding.

The results from the 2023 program were considered along with the historical oxide leach testing, in the development of PEA recovery forecasts by Ausenco:

- Given that sulphide copper recovery was insensitive to copper feed grade, a copper recovery of 94.4% was projected for sulphide material flotation.
- A geometallurgical approach was used to develop a copper recovery relationship as a function of feed grade for the transitional material. An average copper bearing mineral assemblage was estimated, and the derived copper recovery equation returns a value of 73.7% at a copper feed grade of 0.40%.
- Molybdenum recovery equations related to feed grades were also developed separately for the sulphide and transitional materials, although performance is similar. A Cu-Mo separation circuit recovery of 90% was applied to estimate recovery to the final molybdenum concentrate. At feed grades of 50 g/t Mo, recovery from sulphide and transitional materials were estimated to be 71.3 and 73.9%, respectively.
- A global silver recovery relationship to silver feed grade was developed, a recovery of 75.1% was estimated at a feed grade of 1.2 g/t silver.
- Oxide heap leach copper recovery was estimated at 75%. Additional test work was recommended to confirm these recovery projections for future studies.

Concentrates generated from the 2023 test work did not contain deleterious elements above typical penalty levels for a smelter. Elevated arsenic contents were present in some sulphide samples at depth, however these localized concentrations were typically below the current mineable envelope and/or can be addressed with concentrate blending.

In February 2024, the Company completed additional metallurgical test work that utilized samples primarily from the Phase II drilling, to complement and expand upon previous test work that underpinned the PEA. The 2024 metallurgical program was again conducted by ALS Metallurgy, Kamloops, with oversight by Ausenco Engineering.



The 2024 test work program was designed to complete the following scope using samples taken throughout the resource area, with primary focus (and targeted sample coverage) on the open pit mill feed material:

- SAG mill comminution and bond mill work index testing completed on all samples.
- Mineralogical composition assessment on three oxide, three transition and nine sulphide variability samples.
- Detailed mineralogy particle mineral analysis completed on sulphide master composite and coarse fractions of Coarse Particle Flotation (“**CPF**”) sulphide composite.
- Flotation testing on sulphide composites and both sulphide and transition variability samples.
- Hydrofloat testing on a CPF sulphide composite.
- Column leach tests and oxide bottle roll tests on oxide samples.
- Gold analyses on feed samples and test products.

The outcomes of the 2024 metallurgical test work will be assimilated with the previously completed and historical test work to form the basis of the process design criteria for future technical study updates.

### **Mineral Resource Estimate**

The mineral resource presented in the Copper Creek Technical Report represents an evaluation of 17 near-surface breccia units and the deeper porphyry zone. The resource estimation is supported by logging, drilling, and sampling current to an October 27, 2022, data cut-off date. 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 reporting cut-off grades (“**CoG**”) for conceptual mining scenarios; and
- 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 open pit and underground mining potential. The estimation was constrained within discrete breccia domains interpreted by Faraday based on geological logging and assay grades. SRK reviewed the breccia interpretations and updated the wireframe boundaries to reflect the results of the 2022 Phase I drilling

program, as available by the data cut-off date of October 27, 2022. Estimation within the breccias considered only the composites and blocks within each unique domain and assumed hard boundary conditions at the breccia unit outer contacts to constrain smearing of often high grades in the breccias. Estimation outside of the defined breccia units, within the deeper porphyry-style mineralization and halo zones around the near-surface breccias, considered a 5 m soft boundary with the breccia units.

**Table 1-1: Combined Open Pit and Underground MRE, Copper Creek Project, as of February 9, 2023**

Category	Tonnage (Mt)	Grade				Contained Metal			
		Cu (%)	Mo (%)	Ag (g/t)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
Open Pit									
Measured	67.2	0.48	0.008	1.2	0.51	710.5	12.5	2.6	751.1
Indicated	59.9	0.31	0.008	0.6	0.33	412.9	10.1	1.1	440.5
Measured and Indicated (M&I)	127.1	0.40	0.008	0.9	0.43	1,123.4	22.6	3.8	1,191.6
Inferred	48.1	0.28	0.006	0.5	0.30	298.4	6.4	0.7	316.0
Underground									
Measured	34.5	0.47	0.011	1.6	0.51	359.8	8.0	1.7	388.0
Indicated	260.3	0.47	0.008	1.2	0.50	2,720.6	43.9	10.0	2,876.8
Measured and Indicated	294.8	0.47	0.008	1.2	0.50	3,080.4	52.0	11.8	3,264.8
Inferred	35.5	0.42	0.009	0.8	0.45	329.7	7.1	0.9	353.0
Total (Open Pit and Underground)									
Measured	101.6	0.48	0.009	1.3	0.51	1,070.3	20.5	4.4	1,139.1
Indicated	320.2	0.44	0.008	1.1	0.47	3,133.5	54.0	11.2	3,317.3
Measured and Indicated	421.9	0.45	0.008	1.1	0.48	4,203.8	74.6	15.5	4,456.4
Inferred	83.6	0.34	0.007	0.6	0.36	628.2	13.4	1.7	669.0

Source: SRK, 2023

CuEq: Copper equivalent; g/t: grams per tonne; Mlb: million pounds; Moz: million troy ounces; Mt: million tonnes.

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.

All dollar amounts are presented in U.S. dollars.

Pit shell constrained resources with RPEEE are stated as contained within estimation domains defined by the following cut-off grades: 0.13% CuEq for oxide material, 0.14% CuEq for transitional material, and 0.13% CuEq for sulphide material. Pit shells are based on an assumed copper price of \$3.80/pound (lb), assumed molybdenum price of \$13.00/lb, assumed silver price of \$20.00/troy ounce (oz), and overall slope angle of 47 degrees (°) based on preliminary geotechnical data. Operating cost assumptions include open pit mining cost of \$2.25/tonne (t), processing cost of \$7.60/t for milling transitional and sulphide material, \$4.56/t for oxide processing, general and administrative (G&A) costs of \$1.00/t, and treatment charges and refining charges (TCRC) and freight costs dependent on product and material type.

Underground constrained resources with RPEEE are stated as contained within estimation domains above 0.31% CuEq CoG. Underground bulk mining footprints are based on an assumed copper price of \$3.80/lb, assumed molybdenum price of \$13.00/lb, assumed silver price of \$20.00/oz, underground mining cost of \$7.30/t, processing cost of \$7.60/t, G&A costs of \$1.00/t, and TCRC and freight costs of \$6.50/t. Average bulk density assigned by domain is as follows: 2.47 grams per cubic centimetre (g/cm<sup>3</sup>) for all near-surface breccias, 2.60 g/cm<sup>3</sup> for the deeper Mammoth and Keel breccias, porphyry mineralization, and all other areas outside of breccias.

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.

CuEq is calculated by material type domain based on the above variable recovery. For example, sulphide CuEq =  $[(\text{Cu grade}/100 * 0.92 \text{ Cu recovery} * 2,204.62 * 3.8 \text{ Cu price}) + (\text{Mo grade}/100 * 0.78 \text{ Mo recovery} * 2,204.62 * 13 \text{ Mo price}) + (\text{Ag grade} * 0.50 \text{ Ag recovery} * 20 \text{ Ag price}/31.10348)] / (0.92 \text{ Cu recovery} * 2,204.62 * 3.8) * 100$ .

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.

All quantities are rounded to the appropriate number of significant figures; consequently, sums may not add up due to rounding.

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 permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The MRE for Copper Creek is based on the current drillhole database, revised lithology from relogging, discrete breccia wireframe domain models, and current detailed topographic data provided by Faraday. The resource estimation data cutoff date is October 27, 2022. is supported by logging, drilling, and sampling current to an October 27, 2022, data cut-off date. SRK undertook the technical work on the geological model and grade estimates between November 2022 and January 2023, with the final assessment for RPEEE completed at the start of February 2023. Based on this assessment, the effective date of the resource statement is February 9, 2023.

As of the data cut-off date, the drillhole database contained validated assay data from Phase 1 drilling, except FCD-22-001, which was pending results. Geological logging data was available from all nine of the Phase 1 drillholes. Between the end of October 2022 and May 2023, SRK conducted the technical work reflected in this disclosure, including incorporation of metallurgical recovery data and consideration of potential mining scenarios for resource reporting, which resulted in the May 3, 2023 effective date of the Copper Creek Technical Report.

During deposit formation, the near-surface mineralized breccias were subjected to partial in-situ oxidization that transformed part of the sulphides into secondary copper oxides. Three domains are recognized within the open pit resource, referred to as Oxide, Transitional, and Sulphide. The underground resources are comprised of only sulphide mineralization. Table 1-2 reports the Copper Creek mineral resources by domain.

**Table 1-2: Open Pit MRE, Copper Creek Project, as of February 9, 2023**

Category	Domain	Tonnage (Mt)	Grade				Contained Metal			
			Cu (%)	Mo (%)	Ag (g/t)	CuEq (%)	Cu (Mlb)	Mo (Mlb)	Ag (Moz)	CuEq (Mlb)
Measured	Oxide	5.9	0.36	0.006	0.9	0.36	47.0	0.8	0.2	47.0
	Transitional	11.0	0.42	0.006	0.8	0.44	101.6	1.5	0.3	106.4
	Sulphide	50.3	0.51	0.009	1.3	0.54	561.9	10.2	2.2	597.7
	<b>Total</b>	<b>67.2</b>	<b>0.48</b>	<b>0.008</b>	<b>1.2</b>	<b>0.51</b>	<b>710.5</b>	<b>12.5</b>	<b>2.6</b>	<b>751.1</b>
Indicated	Oxide	7.1	0.29	0.009	0.6	0.29	45.7	1.4	0.1	45.7
	Transitional	10.8	0.31	0.008	0.6	0.34	74.4	1.8	0.2	80.0
	Sulphide	42.1	0.32	0.007	0.6	0.34	292.8	6.8	0.8	314.8
	<b>Total</b>	<b>59.9</b>	<b>0.31</b>	<b>0.008</b>	<b>0.6</b>	<b>0.33</b>	<b>412.9</b>	<b>10.1</b>	<b>1.1</b>	<b>440.5</b>
M&I	Oxide	13.0	0.32	0.008	0.8	0.32	92.7	2.2	0.3	92.7
	Transitional	21.7	0.37	0.007	0.7	0.39	176.0	3.3	0.5	186.4
	Sulphide	92.3	0.42	0.008	1.0	0.45	854.7	17.0	2.9	912.6
	<b>Total</b>	<b>127.1</b>	<b>0.40</b>	<b>0.008</b>	<b>0.9</b>	<b>0.43</b>	<b>1,123.4</b>	<b>22.6</b>	<b>3.8</b>	<b>1,191.6</b>
Inferred	Oxide	8.1	0.25	0.005	0.4	0.25	44.3	0.8	0.1	44.3
	Transitional	12.6	0.30	0.005	0.4	0.32	84.0	1.3	0.2	88.1
	Sulphide	27.5	0.28	0.007	0.5	0.30	170.2	4.2	0.5	183.7
	<b>Total</b>	<b>48.1</b>	<b>0.28</b>	<b>0.006</b>	<b>0.5</b>	<b>0.30</b>	<b>298.4</b>	<b>6.4</b>	<b>0.7</b>	<b>316.0</b>

Notes: Refer to the notes following Table 1-1.

## Mineral Reserve Estimate

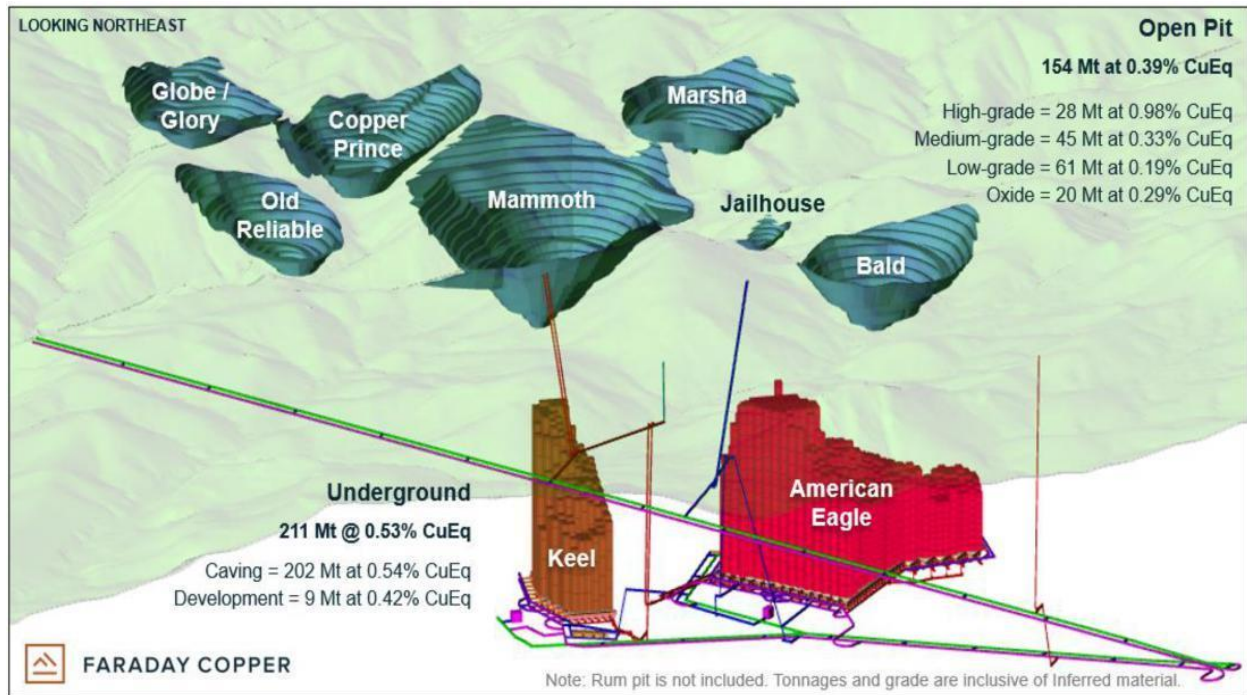
A pre-feasibility study (“PFS”) is required to demonstrate the economic merit of mineral resources for any conversion to mineral reserves. At this time, no such PFS study has been completed; therefore, the Project currently has no defined mineral reserves according to CIM Definition Standards (CIM, 2014).

## Mining Methods

### *Mining Overview*

The open pit and underground mine plans were developed by SRK. Mining is expected to be by contractor conventional truck and shovel methods at surface and by contractor during underground development (pre-production). Underground mining will transition to an owner-operated block caving underground operation to achieve a base annual mill feed rate of 11.0 Mt (30,000 t/d). Figure 1-2 illustrates the overall mine design for both the open pit operations and the underground operations.

**Figure 1-2: Mine Design Overview (isometric view looking northeast)**



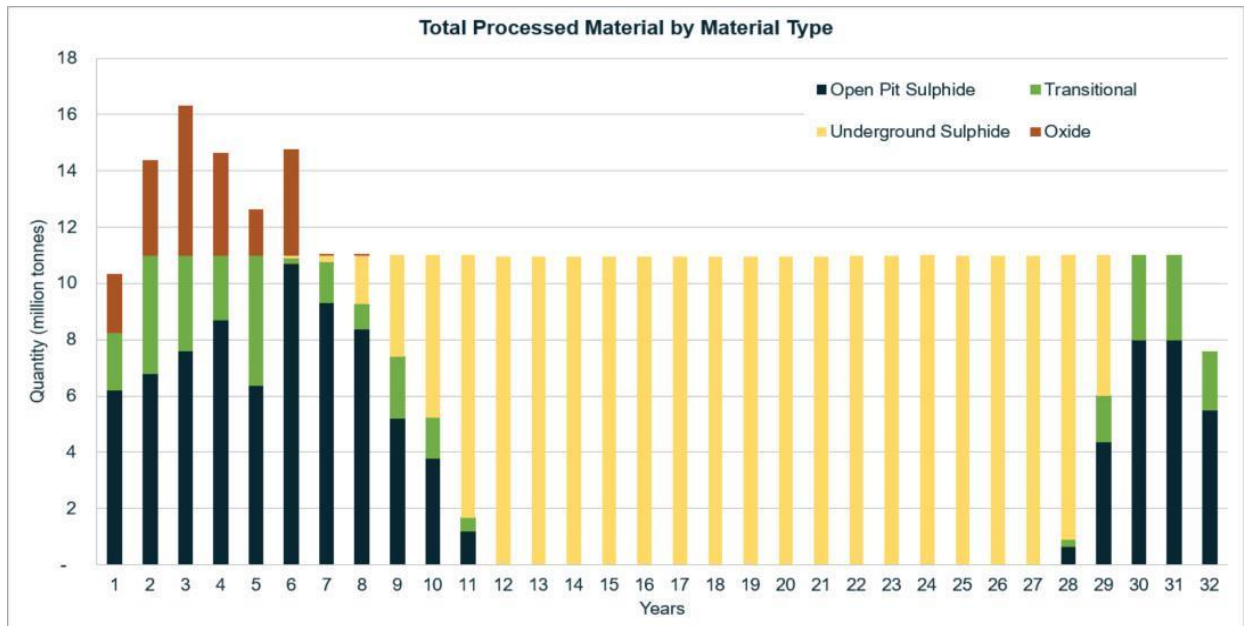
Source: SRK, 2023

Note: Mammoth pit includes the Mammoth and Childs Aldwinkle breccias, and the Copper Prince pit includes numerous breccias such as Copper Prince, Copper Giant, Copper Duchess, and Copper Knight.

Figure 1-3 illustrates the total processed material by material types over the life of the mine. Surface mining provides mill feed until Year 11. A four-year open pit ramp down coincides with the underground production ramp-up, achieving steady-state production by Year 12 and continuing until Year 29. Current mine plan optimization has applied an open pit stockpiling strategy, whereby low-grade material mined from the pits would be stockpiled and processed as supplementary mill feed or fed to the mill at the end of the mine life.

The base annual throughput would be primarily sulphide material, with some transitional material mined from the open pits. Oxide material recovered near-surface in the early years of the anticipated mine life would be segregated and processed separately in a heap leach facility. The heap leach contribution will be in addition to the 11.0 Mt base annual throughput (Figure 1-3).

**Figure 1-3: Total Processed Material by Material Type**



Source: SRK, 2023

Open pits include Mammoth, the largest open pit, and several smaller satellite pits. Mammoth would be mined in three phases, generally from the northwest to the southeast, while each of the satellite pits would be a single phase. Open pit CoG are dictated by metal price and consider material type, processing costs, recovery and selling costs. The direct feed CuEq CoG for sulphide and oxide material is 0.13% CuEq, while for transitional material it is 0.14% CuEq. Material reporting to a stockpile has a slightly higher CoG than direct mill feed material to account for rehandling costs.

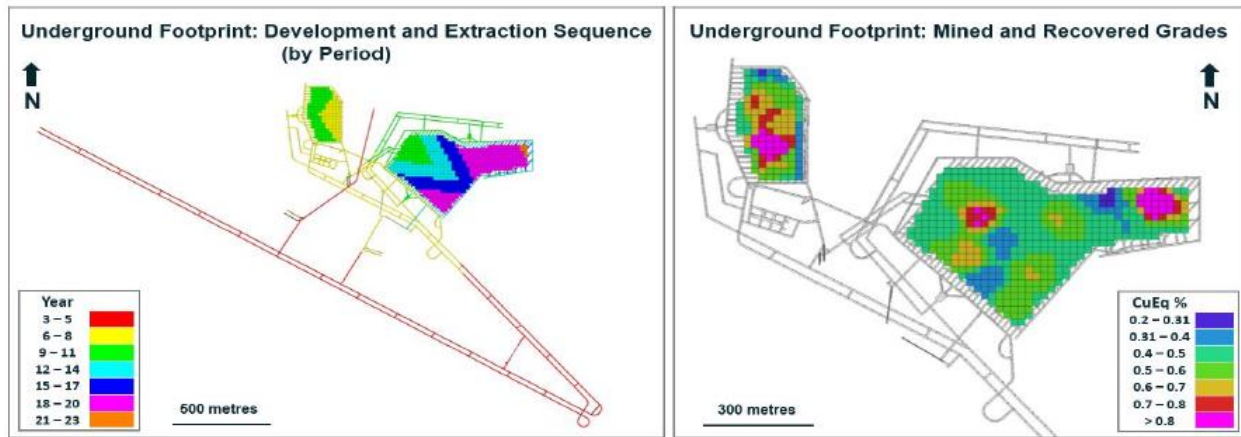
**Table 1-3: Open Pit Summary – Material Processed by Year**

	Units	Total	1	2	3	4	5	6	7	8	9	10	11	28-32
<b>Total Processed Pit Material</b>	Mt	<b>153.7</b>	10.3	14.3	16.3	14.6	12.6	14.7	10.8	9.3	7.4	5.2	1.7	36.5
<b>Sulphides and Transitional</b>	Mt	<b>133.9</b>	8.3	11.0	11.0	11.0	11.0	10.9	10.8	9.3	7.4	5.2	1.7	36.5
	%Cu	<b>0.37</b>	0.50	0.78	0.38	0.44	0.39	0.42	0.48	0.49	0.29	0.17	0.17	0.17
<b>Oxides</b>	Mt	<b>19.8</b>	2.1	3.3	5.3	3.6	1.6	3.8	-	-	-	-	-	-
	%Cu	<b>0.29</b>	0.29	0.27	0.41	0.20	0.21	0.25	-	-	-	-	-	-

The underground cave footprints would be accessed via a twin decline system providing access and material conveying to surface (Figure 1-4). The mine plan for the underground block cave contemplates development of the twin declines commencing in Year 3 with initial cave production beginning six years

after. Underground cave production would ramp up over an approximately four-year period and would achieve steady-state production rate of 30,000 t/d in Year 12 (Table 1-4). The Keel and American Eagle extraction horizons are located at approximately 900 m and 760 m below the portal elevation, respectively. The cave footprints are 300 m laterally offset. The average height of draw of the Keel and American Eagle domains is 375 m and 337 m, respectively. The maximum vertical height of draw was constrained to 500 m for the purpose of the PEA design.

**Figure 1-4: Plan Views of Underground Footprint: Extraction Sequence by Period (left) and Mined and Recovered Grades (right)**



Source: SRK, 2023

**Table 1-4: Underground Production Schedule by Source**

Source	Unit	Total	6	7	8	9	10	11	12	13	14	15	16-20	21-25	26-29
Keel	Mt	47.0	-	-	0.85	2.94	5.17	6.80	7.39	6.90	5.60	3.84	7.48	-	-
	Cu %	0.55	-	-	0.48	0.59	0.62	0.60	0.56	0.54	0.51	0.50	0.50	-	-
	CuEq <sup>ii</sup> %	0.60	-	-	0.54	0.65	0.68	0.65	0.62	0.60	0.57	0.55	0.53	-	-
American Eagle	Mt	154.6	-	-	-	-	-	1.61	2.78	3.27	4.55	6.30	44.11	54.95	37.08
	Cu %	0.49	-	-	-	-	-	0.39	0.40	0.45	0.49	0.49	0.53	0.53	0.40
	CuEq <sup>ii</sup> %	0.51	-	-	-	-	-	0.45	0.45	0.48	0.52	0.51	0.56	0.56	0.42
Development	Mt	9.7	0.11	0.25	0.88	0.65	0.61	0.92	0.78	0.77	0.79	0.81	3.16	-	-
	Cu %	0.39	0.30	0.37	0.39	0.56	0.36	0.35	0.34	0.31	0.32	0.35	0.43	-	-
	CuEq <sup>ii</sup> %	0.42	0.31	0.42	0.45	0.61	0.40	0.40	0.38	0.35	0.34	0.38	0.46	-	-
Total	Mt	211.4	0.11	0.25	1.73	3.60	5.77	9.33	10.95	10.95	10.95	10.95	54.75	54.95	37.08
	Cu %	0.50	0.30	0.37	0.44	0.59	0.59	0.54	0.50	0.49	0.49	0.48	0.52	0.53	0.40
	CuEq <sup>ii</sup> %	0.53	0.31	0.42	0.49	0.64	0.65	0.59	0.56	0.55	0.53	0.52	0.55	0.56	0.42

## Geotechnical Overview

Geotechnical assessments of pit slope stability and underground cavability, including fragmentation analysis, subsidence and ground support requirements, were carried out by Call & Nicholas, Tucson. These assessments were based on geotechnical characterizations developed from geological assessments, core logging, downhole televising data and laboratory rock strength analysis from the Phase I exploration drilling program (holes drilled between February and June 2022). The geotechnical program was further supported by historical core logging data and prior geomechanical studies of the pit and underground deposits.

A geotechnical assessment of multiple methods was appraised for geotechnical parameters and suitability, shortlisted to open pit mining, block caving, sub-level caving and longhole open stopping. The outcomes of the geotechnical assessment supported the selection of open pit extraction for near-surface deposits (predominantly breccia) and extraction of the underground resource (predominantly porphyry) via block caving methods. Underground mining interaction with the open pits was also assessed to ensure mine sequencing accounts for adequate phasing and realistic operability. Upon method selection for the PEA, a comprehensive geotechnical design parameter report was developed to guide an optimal and practical mine plan.

Key highlights from the PEA geotechnical assessment include:

- Open Pit
  - Geotechnical characteristics are consistent across the project area. A single structural domain characterizes the area.
  - Interramp slope angles are between 50-53 degrees for a 24 m double bench mining configuration (12 m single bench height) for all breccia pipe surface mining targets with geotechnical domains defined by wall orientation.
  - Slope angles are limited by bench-scale rather than overall slope design criterion.
- Underground Block Cave
  - The estimated adjusted rock mass rating (MRMR) of 49-58 results in a hydraulic radius of 30 to 38 metres for caving.
  - A caving rate of 55 m/y (15 cm/d) is estimated with no requirement for preconditioning currently deemed necessary.
  - Productive capacity of the current underground resource footprint suggests 30 to 45 kilotonnes per day (11 to 16 Mt/a).
  - The extraction level layout is to employ a herringbone configuration with extraction drive spacing of 32 m by 20 m.



- Thermistors located in vibrating-wire piezometers indicate in-situ rock temperatures between 25 – 44 degrees Celsius, confirming the underground operation is not expected to require refrigeration.

## **Recovery Methods**

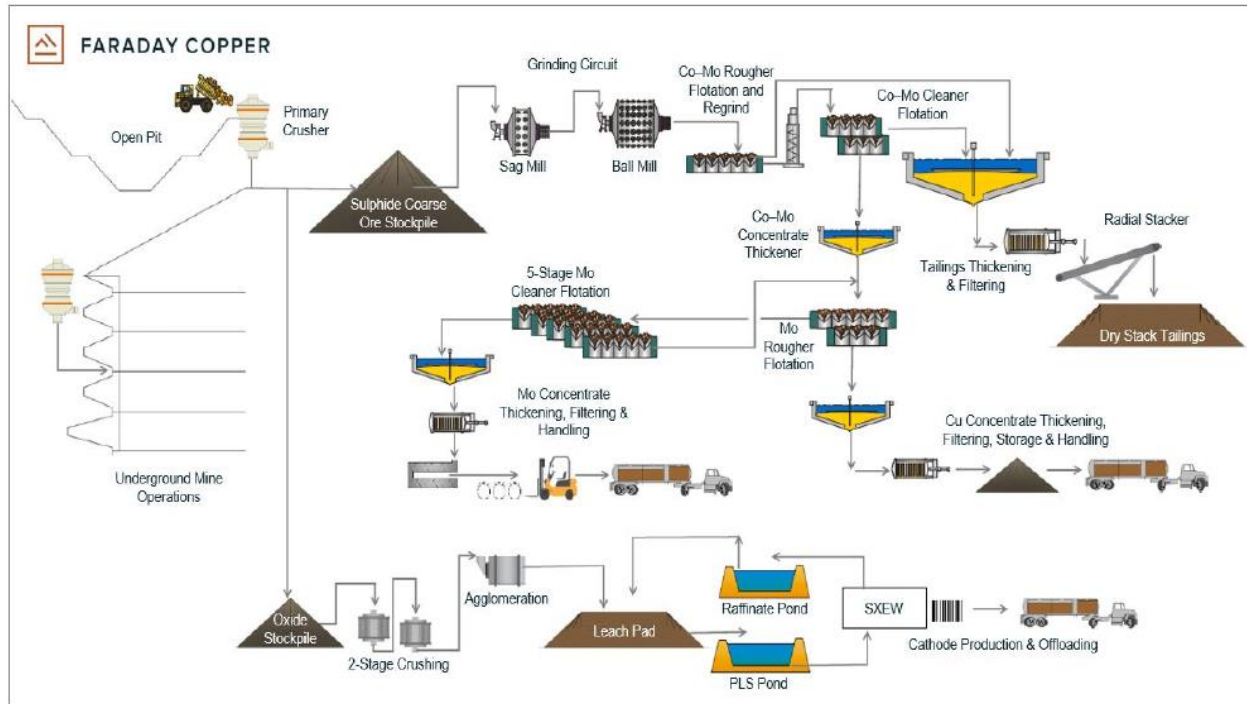
The process design incorporates a staged approach allowing for a concentrator for the recovery of copper from sulphide and transitional materials, a molybdenum circuit, and an oxide heap leaching operation to recover copper from oxide minerals.

The selected flowsheet (simplified version) includes a single stage crushing circuit with crushed materials being conveyed overland to a sulphide/transitional stockpile or an oxide stockpile.

The concentrator is designed to process material at a rate of 30,000 t/d. The plant is designed to be operated 24 hours per day, 365 days per year. Crushed mineralized sulphide and transitional materials are reclaimed to the semi-autogenous grinding (“**SAG**”), ball mill and pebble crusher grinding circuit with the ball mill operating in closed circuit with a cyclone cluster. Cyclone overflow material reports to sequential stages of bulk Cu-Mo rougher flotation, where copper and molybdenum are separated from the gangue material. Bulk Cu-Mo rougher concentrates then report to a regrind mill for further size reduction prior to cleaner flotation. Concentrate grades are upgraded in a copper, then molybdenum, cleaning circuits to produce concentrates of requisite quality. The concentrates are dewatered in high-rate thickeners and vertical plate-and-frame filter presses to form filter cakes. Filtered copper concentrate is then handled by a front-end loader for stockpiling and loadout activities. Molybdenum concentrate is dried and packaged in super sacks for shipping. The gangue materials report from the bulk Cu-Mo rougher & Cu cleaner flotation circuits to a high-rate tailings thickener where they are thickened then fed to the filter feed tank and further dewatered via filtration for dry stacking in a dry stack tailings facility (“**DSTF**”).

The oxide heap leaching operation shown involves crushing these materials in the same primary crushing circuit used for sulphide/transitional materials and conveyance overland where they are to be diverted to a temporary stockpile and loaded onto a 2-stage crushing circuit and agglomerated with sulphuric acid prior to being conveyed to a leach pad and irrigated with pumped sulphuric acid. Pregnant leach solution (“**PLS**”) will be collected off the pad in a pond and pumped through a solvent extraction/electrowinning (“**SX/EW**”) circuit where copper will be recovered as cathode and loaded onto truck for shipment. Barren leach solution or raffinate will be recycled to a second pond where it will be supplemented with additional acid and pumped to irrigate the heap leach facility (“**HLF**”). The lined leach pad and solution ponds will be situated just north of the DSTF and operational for the first 8 to 9 years of the mine life. At which time the HLF, SX/EW and solution ponds will be decommissioned and eventually covered with dry stack tails over time.

**Figure 1-5: Simplified Flow Schematic for the Copper Creek Project**



Source: Ausenco, 2023.

## Project Infrastructure

The site layout is configured to optimize materials handling synergies between open pit and underground production, minimize environmental footprint, prioritize the utilization of private and patented land to ensure operational scalability upon resource expansion. The project plans will leverage existing infrastructure such as high voltage power provision near the property, dual site access roads (Copper Creek and Bunker Hill roads), major highway(s) for concentrate haulage and rail access with loadout facilities near the property.

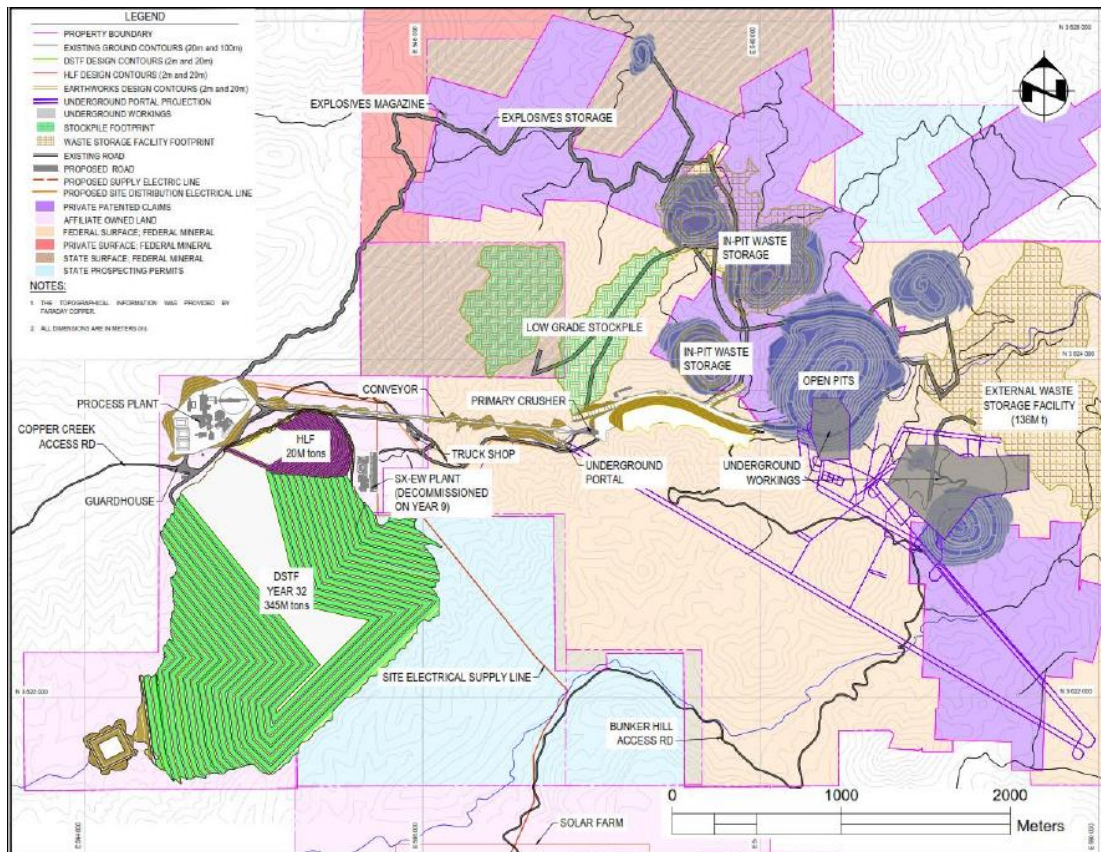
## General Infrastructure

Infrastructure planned for the Copper Creek Project includes the following:

- mine facilities, including truck shop & wash bay and mine office, explosive storage facilities, a diesel fuel island and a mine dries/ operations building, the waste storage facility (“**WSF**”), low-grade stockpiles, Run-of-mine (“**ROM**”) pad, pits and underground portals, underground crushing & conveying to surface;
- common facilities, including an entrance/exit guard shack which will house site security and medical/health & safety personnel, an overall site administration building, fire and fresh or raw water distribution systems, compressed air, a main substation and associated power generation and distribution facilities, communications area, and sanitation systems;

- sulphide materials processing facilities, coarse material storage, grinding and classification, copper flotation, product regrind, copper concentrate thickening, filtering, storing and handling, tailings thickening and filtering a separate molybdenum processing facility consisting of flotation and concentrate thickening, filtering, drying and bagging systems, a covered reagent mixing and distributing facility, assay laboratory and process plant workshop and warehouse;
- oxide materials heap leaching and SX/EW facilities, including a heap leach pad, a temporary stockpile, secondary and tertiary crushing, PLS, raffinate and stormwater ponds, tank farm and acid storage;
- tailings management including conveyor belts, radial stacker, and a DSTF;
- a near-pit crushing facility with associated electrical infrastructure; and
- common facilities, including an entrance/exit guard shack which will house site security and medical/health & safety personnel, an overall site administration building, fire and fresh or raw water distribution systems, compressed air, a main substation and associated power generation and distribution facilities, communications area, and sanitation systems.

**Figure 1-6: Project Site Layout**



Source: Ausenco, 2023

### ***Heap Leach Facility***

The HLF has been designed to leach 20 Mt of crushed materials through the first 6 to 7 years of operations. The leach pad was designed with a composite liner system, consisting of compacted subgrade, a low permeability layer, and a geomembrane liner to prevent seepage into the environment. Crushed oxide materials will be stacked in 10 m lifts and leached with sulphuric acid using drip lines for 60 days prior to stacking the next lift. The collected pregnant solution will be pumped to the SX/EW plant. In addition, there is also a double lined raffinate pond and a single lined stormwater pond. The crushed oxide material will be stacked in 10 m lifts and leached with sulphuric acid using drip lines prior to stacking the next lift. Crushed materials will be stacked to a maximum height of 100 m with overall exterior slopes of 3H:1V.

### ***Tailings Management***

A preliminary tailing siting and deposition technology study was performed. Filtered tailings placed in a DSTF is the preferred option to limit land use outside of Faraday's land position and to reduce net operational water requirements compared to conventional tailings. The design of the DSTF was in accordance with the Global Industry Standard on Tailings Management. The footprint of the facility will be cleared, grubbed, and compacted prior to placement of tailings to improve the seepage collection system operation. The DSTF will be constructed in stages over the life of mine to optimize the economics of the facility. Conveyors and a radial stacker will be used to transport and place the tailings in the facility. Dozers and compactors will be used to compact the tailings in thin lifts to improve the overall stability and minimize infiltration of precipitation. The DSTF will be stacked from the bottom of the valley up with exterior slope of 4H:1V, which allows for progressive reclamation in the form of cover system. The DSTF also includes rock stability embankment and a seepage collection system and pond.

### ***Markets and Contracts***

Copper and molybdenum concentrates as well as copper anodes are the main products planned for the Copper Creek Project. Silver will be taken as credits in the copper concentrate. No formal market studies were completed in support of the Copper Creek Technical Report. The commodity prices used in the economic evaluation of the project are shown in Table 1-5. The QP considers the prices used in this study to be consistent with the range of inputs in alignment with long-term price consensus and similar studies.

**Table 1-5: Price Projections**

<b>Metal</b>	<b>Commodity Unit</b>	<b>Unit Price (USD)</b>
Copper	Pound (lb)	3.80
Molybdenum	Pound (lb)	13.00
Silver	Troy ounce (oz)	20.00

The TCRCs, treatment charges and refining charges shown in Table 1-6 and Table 1-7, respectively were 'benchmarked' from reported annual settlement between major mining companies and Asian smelters.

**Table 1-6: Transportation and Treatment Cost**

Concept	Value	Unit
Transportation Cost	\$46.35	per wmt
Treatment Charge	\$75.00	per dmt

**Table 1-7: Refining Charge**

Refining Charge	Value	Unit
Copper	\$0.08	per lb
Molybdenum	\$1.30	per lb
Silver	\$0.50	per troy oz

The metal payables used in this study are provided in Table 1-8. Other clauses may include payables for copper and silver, penalties for impurities (e.g., arsenic, bismuth, fluorine, etc.), quotational periods, payment terms and delivery (e.g., CIF major Asian port). There are no known deleterious elements that could significantly affect a potential future economic extraction. The QP is of the opinion that the information presented here is suitable for use in cashflow analyses to support this assessment.

**Table 1-8: Metals Payables**

Metal	Unit	Concentrate
Copper Concentrate	%	96.5%
Silver (in Copper Concentrate)	%	95.0%
Molybdenum Concentrate	%	98.5%
Copper Cathode	%	98.0%

The proposed logistics concept is to use containerized bulk handling to move the concentrates from the mine to the smelter destination or into a vessel hold. Concentrate will be trucked in containers to concentrate shed located in San Manuel, 16 km from the site. They will be loaded on to rail cars and transported, most likely, to the Port of Guaymas, Mexico. At the Port, the containers will be unloaded from the rail and stored until emptied into a shipping vessel hull which will subsequently be transported by sea to clients. Concentrates are expected to be sold to Asian smelters, however opportunities to distribute to the general market of North American and European refineries would also be considered. Empty containers are then returned to site via rail then truck. This process minimizes dust and other product losses.

There are currently no sale contracts or refining agreements in place for the Project.

### **Environmental, Permitting and Social Considerations**

The Copper Creek Project is situated in a historic mining district which has undergone mining activities dating as far back as the 1880s. The terrain consists of mountainous, steep hills and narrow valleys. In

addition to historical mining and mineral exploration activities, livestock grazing, hunting and dispersed recreation are the predominant land uses.

The primary access to the Project from Mammoth is via Copper Creek Road (a 15 km public gravel road) or alternatively, via Bunker Hill Mine Road, a private gravel road which runs through Faraday-owned ranch lands. The towns of Mammoth and San Manuel are the two closest communities to the Project which have faced economic challenges due to the closure of nearby mining operations. The Copper Creek Project aims to provide local employment and economic stimulus without burdening either community.

Although the Copper Creek Project does not encompass any Native American lands, Faraday has proactively engaged with local tribal communities.

Permits issued for the Project will need to meet specific design and monitoring requirements set by regulatory agencies such as the BLM, ADEQ (Arizona Department of Environmental Quality), ADWR (Arizona Department of Water Resources) and the U.S. Army Corps of Engineers.

### ***Environmental Considerations***

A limited number of environmental baseline studies and reports were completed between 2007 to 2013 by Redhawk Copper in support of the 2013 PEA (Preliminary Economic Assessment 25,000 TPD Mill with an Underground Mine for Development of the Copper Creek Resource). Since resuming exploration drilling activities at the Project site in 2022, the Company has initiated a series of environmental baseline monitoring programs including surface and groundwater sampling and monitoring, updated biological evaluations and a waterway assessment to clarify WOTUS (Waters of the U.S.) classification (if at all applicable).

The Copper Creek watershed drains into the San Pedro River. In 2014, ADEQ designated the lower portion of Copper Creek and the portion of the San Pedro River immediately downstream of Copper Creek's confluence as impaired waterways, indicating that these waters do not meet established surface water quality criteria (Arizona Secretary of State, 2016). Copper Creek is reported to be impacted with cadmium, copper, iron, selenium and zinc while the San Pedro River is locally impacted with selenium. Stream flow in Copper Creek is characterized as intermittent and ephemeral with flows responding to precipitation events and evapotranspiration.

The project area is underlain by a bedrock aquifer system that is separated from the primary basin-fill aquifer by west-dipping, mountain-bounding faults. Most groundwater occurs locally within igneous rocks. Wells drilled in bedrock typically yield 10 gallons per minute ("gpm"), whereas wells completed in the basin yield more than 1,000 gpm. Groundwater is also encountered locally in alluvium and weathered bedrock that underlie site streams including Copper Creek, Mulberry Wash and Saloon Gulch. Observed ground water level measurements in these wells suggest significant variation coincident with summer and winter precipitation events.

The Nature Conservancy (2012) mapped the vegetation surrounding the project area as transitional which included the Arizona Upland subdivision of the Sonoran Desert scrub biotic community, Semidesert Grassland biotic community, Interior Chaparral biotic community, and Madrean Evergreen Woodland biotic community which was field verified by WestLand Resources Inc. also in 2012. Stretches along the creek support vegetation of a mesoriparian nature whereas ephemeral drainages in the project area generally

support a discontinuous xeroriparian vegetation community of mainly upland species. The semidesert grassland was observed to occur at higher elevations or along cooler northerly facing slopes.

The yellow-billed cuckoo (*Coccyzus americanus* [western Distinct Population Segment]) and the monarch butterfly (*Danaus plexippus plexippus*) are two federally-listed species which may have a potential to occur in the project area due to surrounding vegetation being similar to their known habitat, however, neither species have been observed in the proposed mining area to date. These species may fall under the Endangered Species Act (ESA, Section 7), however, further studies are required to ascertain their presence or absence. Designated critical habitat for the southwestern willow flycatcher (*Empidonax traillii extimus*; SWFL) which includes several miles along the San Pedro River, including at the Copper Creek confluence, may be applicable.

Due to the historical nature of the Project and modest past production, several legacy tailings, waste rock piles, adits, and an evaporation catchment settling pond system exists. These are situated primarily on BLM land positions. Faraday would consider voluntarily reclaiming and mitigating these historic impacts as part of their future Mine Plan of Operations (“MPO”) to ensure the property is restored to the highest standard of modern mine reclamation.

### **Permitting**

The Project has several favourable attributes which should be considered from a permitting perspective. These include proximity to existing mining districts and associated infrastructure and its remoteness from residential and urban centres.

The Project currently holds a valid multi-sector general permit (“MSGP”) as well as a corresponding storm water pollution prevention plan with ADEQ. As part of the MSGP permit bi-annual sampling is conducted at four (4) outfall locations. Additionally, through Pinal County, the Project maintains a Dust Permit (DUSTGEN-22-097) in good standing for land stripping and/or earthmoving for up to 40 acres in support of exploration platform building and road maintenance on private property. On May 20, 2022, the Company submitted an exploration drilling program plan of operation to the U.S. Department of the Interior, BLM, Gila District Office, Safford Field Office. This permit was accepted by the BLM and is currently under review for approval. The permit requests disturbance on BLM land for access roads and drill pad development over previously disturbed areas. During 2023, the Company submitted two geological field operation plans to the ASLD for aerial geophysical surveys and geochemical ground sampling which were approved during the year.

The following is a list of potential environmental permitting considerations for the Project.

**Table 1-9: Copper Creek Environmental Permitting Considerations**

Permit Effort	Agency	Description/Assumptions
MPO/NEPA	Bureau of Land Management (BLM)	Assumes that level of impacts will require an Environmental Impact Statement (EIS)
Air permit	ADEQ/Pinal County	Up to Title V permit for the mill project with new source review (NSR), and Prevention of Significant Deterioration (PSD) requirements; includes quality assurance and collection of ≥1 year meteorological data and emissions modelling
CWA Section 404/NEPA	US Army Corps of Engineers	For all discharges of fill to waters; assumes an individual permit will be required for tailings facilities and reroute of Copper Creek. Does not include cost for

Endangered Species Act Compliance	Lead Federal Agency	Required for all federal actions; assumes informal consultation for potential impacts to one or more species.
National Historic Preservation Act Compliance	Lead Federal Agency and SHPO	Includes Class I and Class III survey, treatment plan, and coordination. Data recovery not included.
Aquifer Protection Permit	ADEQ	APP needed for waste rock, heap leach, ponds and tailings facilities; monitoring well installation required
Right-of-Way Access	Arizona State Land Department	Assumes that roadway widening or other modification will be required for access; includes resource surveys
Reclamation Plan	State Mine Inspector	Needed for mining disturbances over 2 hectares on private land
Dam Safety Permit	ADWR	Needed for jurisdictional impoundments (greater than 7.6 m embankment height or greater than 6.2 ha-m (50 ac-ft) storage capacity); assumed not required for the Project.

### ***Mine Waste & Water Management Strategies***

The Project will create waste rock from mine development and tailings as a by-product of mineral processing. A common mine waste management consideration is the prevention and control of metal leaching/acid rock drainage from the tailings, and any acid generating or potentially acid generating (“PAG”) waste rock that is produced during mine development or operations. From a general perspective, the presence of PAG and ARD materials is not anticipated for the Project.

Strategies for water management include the following:

- expand the use of diversion structures to the greatest extent practicable;
- manage surface erosion;
- recycle water whenever possible;
- treat water if required; and
- monitor water quality to ensure standards are met.

### ***Closure and Reclamation Considerations***

The proposed reclamation/closure design elements for the Project include the following general concepts:

- Selectively place materials in their final design configuration wherever possible.
- Reclaim WSF, DSTF and all other earthen facility surfaces with either suitable waste rock or salvaged topsoil materials and revegetate.
- Recontour sloped surfaces to minimize erosion.
- Cover disturbed surfaces with topsoil and hydroseeded with a native seedbank to promote revegetation for wildlife habitat and grazing.



- Facility grading and stormwater controls will be designed to route stormwater runoff off away from the reclaimed surfaces as practicable.
- All building facilities will be decommissioned, demolished, and any intact, reusable equipment and structural components salvaged to the extent possible. The removal of the installed utility lines, regrading and revegetating is also planned for these disturbed areas.
- Pit will be backfilled and perimeter fencing around the pits is to remain intact.

Closure activities with respect to the underground mining operation will include barricading decline portals with security fencing and locks and fencing is to be erected around the perimeter of the projected subsidence cone.

Post-closure site monitoring and activities include continued surface and groundwater monitoring, stormwater conveyance and erosion monitoring and maintenance, drain-down solution management and monitoring of the DSTF and HLF facilities. Regional groundwater, pit lake, and surface water monitoring (quality and flows) including the management of wildlife watering locations and special-status species monitoring are also anticipated. Reclamation success monitoring and maintenance will be sustained for 5-years once final covers and/or reclamation activities occur. Reclamation will be staged as needed.

### ***Social Considerations***

The Copper Creek Project is located within an area primarily used for livestock grazing, hunting, dispersed recreation in addition to mineral exploration and is zoned as a General Rural Zone (GR) by Pinal County, Arizona, Assessor's Office. Portions of the project are covered by agricultural leases for livestock grazing. Mammoth and San Manuel, Arizona, are the two closest communities within the vicinity to the Project, which were both purpose-built for historic and modern mining activities. Combined, both towns have a 2020 population census of approximately 5,200 people. The town of San Manuel was constructed in the mid-1950s by Magma Copper Company to support their mining operations at the San Manuel Copper mine for 45 years. Both the towns of Mammoth and San Manuel have faced economic challenges due to the closure of nearby mining operations.

As the Project progresses through development, local employment opportunities and economic stimulus to the local communities is anticipated. It is anticipated that approximately 200+ individuals would be employed during construction of the Project and more than 500 persons (including a head count of approximately 300 persons for mining, 150 persons for process operations, and the remainder administrative staff) at peak sustained operations over the 30+ year mine life planned for the Project, while reclamation and closure efforts would employ approximately 20 individuals. The Project would not require a camp facility as the location is easily accessible from the townsites of Mammoth, San Manuel and Oracle, as well as being approximately 80 road km northeast from the city of Tucson.

The Company is dedicated to continuing transparent, inclusive dialogue with all stakeholders, adhere to social and environmental standards, respect human rights and collaborate with community members to address concerns and prioritize sustainability development of the Project. The Company is committed to ensuring the community is not subjected to any adverse impacts related to hazardous waste generation, any other environmental justice concerns by adhering to strict environmental standards and regulations. Outreach to local tribal communities has been paramount for inclusion in the development of the Project.

## Capital and Operating Cost Estimates

### *Capital Cost Estimates*

An overall cost estimate was developed by both Ausenco and SRK for the Copper Creek Project. The capital cost estimate conforms to Class 5 guidelines for a PEA-level estimate with a +50%/-30% accuracy according to the Association for the Advancement of Cost Engineering International (AACE International). The cost estimate for the Project is presented in United States Dollars (USD) with a base date of the first Quarter (Q1) 2023. Ausenco estimated the cost to install the major process equipment, associated infrastructure, facilities, and other engineering requirements to support the Project using an engineering, procurement, and construction management (“EPCM”) project development approach. Separate initial, expansion, sustaining, and closure capital cost estimates were developed to reflect the phased approach of the Project. The processing plant nameplate capacity is 30,000 t/d (11.0 Mt/a), with a mine life mine of 32 years. The proposed oxide heap leaching operation for the Project has a nameplate capacity of 6,850 t/d (2.5 Mt/a).

All mining related capital costs (in-pit and underground) were estimated by SRK using benchmarks and a first principles approach where appropriate, leveraging the preliminary mine design outputs for mine development requirements. The preliminary underground mine plan and associated mine initial, growth and sustaining capital were prepared using current North American contractor development rates and current equipment prices. Underground infrastructure was estimated using first principles buildups for purchase and installation costs, which were based on recent quotations where applicable and/or leveraged against SRK’s database of open pit and block caving projects and operations.

The estimate is broken out into initial capital costs, sustaining and expansion costs and closure cost with the initial capital costs totalling \$798 million and, combined, the sustaining and expansion capital costs total \$1,859 million for a total LOM capital cost of \$2,657 million, which is summarized in Table 1-10.

**Table 1-10: Summary of Capital Cost**

Item	Initial Capital (\$M)	Sustaining & Expansion Capital (\$M)	Total Capital (\$M)
Installed Process Plant <sup>a</sup>	280	48	328
Crushing and Materials Handling <sup>b</sup>	108	7	115
Tailings	117	9	126
Site Infrastructure	67	50	117
Mining	80	1,376	1,457
Owners Cost	23	2	25
Contingency	122	197	319
Closure and Reclamation	-	170	170
<b>Total <sup>c</sup></b>	<b>798</b>	<b>1,859</b>	<b>2,657</b>

Notes:

<sup>a</sup> Includes indirect costs.

<sup>b</sup> Includes costs for the oxide heap leach operation.

<sup>c</sup> Totals may not sum due to rounding.

The installed process plant cost estimates include \$120 million in indirect project costs to cover EPCM and owner's costs. The crushing and materials handling estimate includes \$84 million (including 20% contingency) to cover the heap leaching infrastructure. Initial and expansion cost estimates are based on priced-out detailed, mechanical and electrical equipment lists developed from the Project's Process Design Criteria ("PDC"). Installed equipment pricing includes base equipment costs (either budgetary quotes or taken from recently executed Ausenco projects), regional labour rates, manhours to install, and factored freight, growth and associated minor equipment costs. Bulk commodities were estimated by applying benchmarked percentages to the installed mechanical equipment costs. Material take-offs for civil earthworks, the DSTF, and overhead powerline were priced using regional construction labour rates and unit rates for bulk materials. The HLF was benchmarked against similar studies. The crushing and materials handling estimate includes \$84 million (including 20% contingency) to cover the heap leaching infrastructure.

The initial capital costs associated with open pit mining totals \$80 million and accounts for pre-stripping activities to move 17.5 Mt of waste material and 9.5 Mt of low-grade material (sulphide and transitional) that will be stockpiled for processing later in the mine life. Surface operations for the open pit mine are to be executed by a contractor. After three years of operation, an expansion of the Project is planned that will begin developing the underground mine. The cost estimate for the development of the underground mine workings, material crushing and conveyance to the surface totals \$1,555 million, including contingency.

The sustaining capital cost is \$69 million and includes costs to divert Copper Creek along with continued development of the DSTF and tie-in of the underground mine workings into the existing process flows. The closure costs are estimated at \$170 million with 20% contingency included.

## Operating Cost Estimates

### Overview

Mining operating costs were developed from a combination of first principles costing for open pit haulage and underground operations, and project benchmarking against appropriate open pit operations, factored for contract mining. Processing operating costs were developed from first principles costing based on the quantities generated from the preliminary mine design, mine production schedule and processing applications by material type. The PDC and associated mechanical/electrical equipment lists were used to estimate staffing requirements, power, reagent, and typical process-related consumable consumption rates. Regional labour rates and recently acquired unit costs were applied to generate the operating costs estimates shown in Table 1-11.

**Table 1-11: Summary of Operating Costs**

Operating Costs	Units	Open Pit	Underground
Mining <sup>a</sup>	\$/t mined	\$2.43	\$7.30
Processing <sup>b</sup>	\$/t processed	\$6.26	\$6.30
Off-site charges <sup>c</sup>		\$2.51	\$2.51
General and administrative (non-mill) <sup>d</sup>		\$1.45	\$1.45
<b>Total unit costs <sup>e</sup></b>	<b>\$/t processed</b>	<b>\$13.01</b>	<b>\$17.56</b>

Notes:

<sup>a</sup> Open pit mining unit costs apply to both mineralized material and waste, but exclude stockpile rehandle costs of \$1.47/t rehandled. Underground mining unit costs exclude capitalized development and mill feed generated from mine development.

<sup>b</sup> Includes processing-related general & administrative costs.

<sup>c</sup> Off-site charges are based on land transportation costs of \$46.35 per wet metric tonne, treatment charges of \$75.00 per dry metric tonne, refining charges of \$0.080/lb, \$0.50/oz, and \$1.30/lb for copper, silver, and molybdenum, respectively.

<sup>d</sup> Includes \$0.45/tonne average cost over the life of mine related to Arizona property tax.

<sup>e</sup> Amounts will not sum as mining costs are presented on a per tonne mined basis.

### ***Mining Operating Cost Estimates***

The open pit mining costs are based on mining contractor rates. SRK estimated these costs for the PEA by building up from industry benchmarks for owner-operated mines. The contractor costs include mining costs, overhead, profit and equipment capital repayment. To this, owner supervision/technical costs are added.

On a unit cost basis, the total mining cost has been estimated at \$2.43/t mined and \$1.47/t for stockpile rehandling costs. This results in an overall LOM average total open pit mining operating cost of \$2.68/t mined. The total open pit mining operating cost is the sum of the total contractor mining cost, the capital repayment, and the owner overhead.

Underground mining operating costs associated with block cave production have been estimated from first principles costing with discrete cost buildups for key activities such as drawpoint mucking, secondary breaking, crushing, conveying, mine services and maintenance, definition drilling, rehabilitation and mine operating staff. The underground operating costs have been estimated at \$7.30/t mined.

### ***Process Operating Cost Estimates***

Processing costs have been estimated as \$5.91 and \$5.74/t for sulphide and transitional materials, respectively. The operating cost of the molybdenum plant contributes an additional \$0.39/t processed through the concentrator and will be applied starting in Year 3 when the molybdenum plant is commissioned and operational. The addition of the molybdenum circuit brings the operating cost to \$6.30/t for processing sulphide materials and \$6.13/t for processing transitional materials. Operating costs of the oxide heap leach and SX/EW facility have been estimated at \$6.71/t leached. Table 1-12 summarizes the concentrator operating costs with and without molybdenum processing.

**Table 1-12: Process Plant Operating Costs per Material Type**

<b>Cost Centre</b>	<b>Sulphide Materials Unit Cost (\$/t)</b>	<b>Transitional Materials Unit Cost (\$/t)</b>
Mill Plant Feed with Molybdenum Recovery	6.30	6.13
Mill Plant Feed without Molybdenum Recovery	5.91	5.74

### ***General and Administrative Cost Summary***

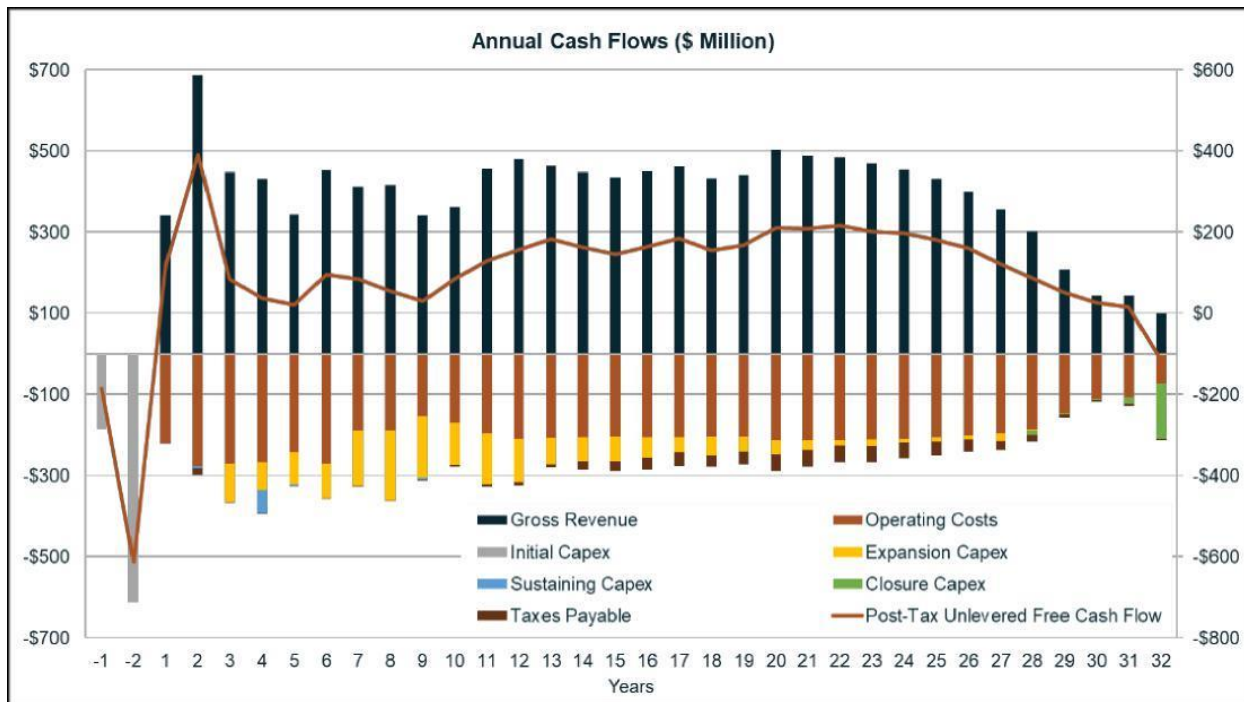
G&A cost of \$1.45/t processed (exclusive of process plant related G&A) is comprised of \$1.00/t processed based on regional benchmarks of comparative operational scale, plus \$0.45/t processed average over the life of mine related to Arizona property tax. The Project would not require a camp facility as the location is easily accessible from the townsites of Mammoth, San Manuel and Oracle, as well as being approximately 80 road km northeast from the city of Tucson.

## Economic Analysis

The economic analysis was performed assuming a 7% discount rate. The pre-tax NPV discounted at 7% is \$846 million, the internal rate of return (“**IRR**”) is 16.5%, and payback period is 3.9 years. On a post-tax basis, the NPV discounted at 7% is \$713 million, the IRR is 15.6%, and the payback period is 4.1 years. A summary of project economics is shown in Table 1-13. The analysis was done on an annual cashflow basis; the cashflow output is shown in Figure 1-7.

Readers are cautioned that the PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.

**Figure 1-7: Annual Cash Flow**



Source: Ausenco, 2023

The analysis also indicated the standalone open pit operation supports a pre-tax NPV (7%) of \$337 million and provides a rapid payback on initial capital of four years and fully funds development of a bulk underground mine for a combined total mine life of 32 years.

**Table 1-13: Economic Analysis Summary**

<b>General</b>	<b><u>LOM Total / Avg.</u></b>	
Copper Price (\$/lb)	3.80	
Silver Price (\$/oz)	20.00	
Molybdenum Price (\$/lb)	13.00	
Mine Life (years)	31.7	
Total Mill Feed Tonnes, Non-Oxide (kt)	345,292	
Total Mill Feed Tonnes, Oxide (kt)	19,789	
<b>Production</b>	<b><u>LOM Total / Avg.</u></b>	
Mill Head Grade - Cu, Non-Oxide (%)	0.44	
Mill Head Grade - Ag, Non-Oxide (g/t)	1.17	
Mill Head Grade - Mo, Non-Oxide (%)	0.008	
Mill Head Grade, Oxide - Cu (%)	0.29	
Mill Head Grade, Oxide - Ag (g/t)	0.63	
Mill Head Grade, Oxide - Mo (%)	0.006	
Mill Recovery Rate (Concentrate) - Cu (%)	89.7%	
Mill Recovery Rate (Concentrate) - Ag (%)	75.2%	
Mill Recovery Rate (Concentrate) - Mo (%)	71.4%	
Mill Recovery Rate (Cathode) - Cu (%)	75.0%	
Mill Recovery Rate (Cathode) - Ag (%)	-	
Mill Recovery Rate (Cathode) - Mo (%)	-	
Total Mill Recovered - Cu (mlb)	3,276	
Total Mill Recovered - Ag (koz)	10,214	
Total Mill Recovered - Mo (mlb)	45.7	
Average Annual Production - Cu (mlb) <sup>c</sup>	106	
Average Annual Production - Ag (koz) <sup>c</sup>	325	
Average Annual Production - Mo (mlb) <sup>c</sup>	1.4	
<b>Operating Costs</b>	<b><u>Open Pit LOM Total / Avg.</u></b>	<b><u>Underground LOM Total / Avg.</u></b>
Mining Cost (\$/t Mined)	2.43	7.30
Average Processing Cost (\$/t processed)	6.26	6.30
G&A Cost (\$/t processed)	1.45	1.45
Total Operating Costs (\$/t processed)	13.01	17.56
<b>Total Operating Costs</b>	<b><u>LOM Avg.</u></b>	
Cash Costs (\$/lb Cu) <sup>a</sup>	1.67	
All-in Sustaining Cost (AISC) (\$/lb Cu) <sup>b</sup>	1.85	
<b>Capital Costs</b>	<b><u>LOM Total / Avg.</u></b>	
Initial Capital (\$M)	797.9	
Sustaining Capital (\$M)	68.8	
Expansion Capital (\$M)	1,620.6	
Closure Costs (\$M)	169.8	
<b>Financials</b>	<b><u>Pre-Tax</u></b>	<b><u>Post-Tax</u></b>
NPV (7%) (\$M)	846.5	713
IRR (%)	16.5%	15.6%
Payback (years)	3.9	4.1

<sup>a</sup> Cash costs consist of mining costs, processing costs, mine-level G&A and refining charges and royalties

<sup>b</sup> All-in sustaining costs (AISC) includes cash costs plus sustaining capital and closure costs.

<sup>c</sup> Average annual production considers the period of active mining during Years 1 – 29, Year 30 – 32 includes processing of stockpiles only.

### Sensitivity Analysis

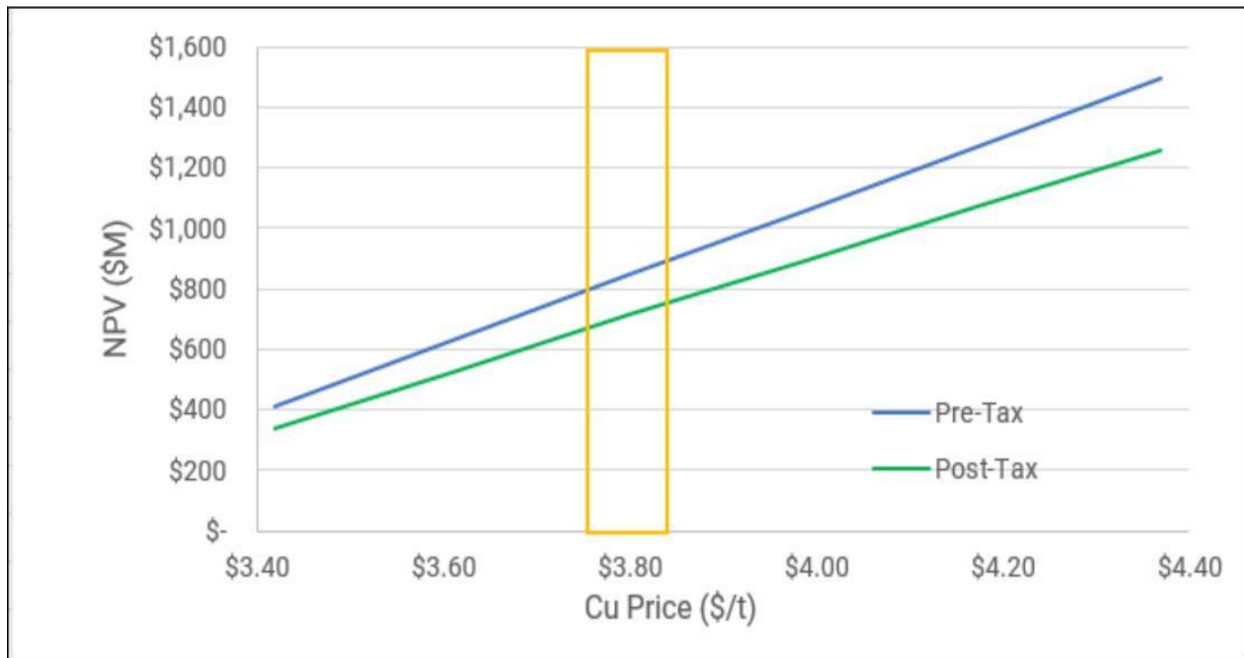
A sensitivity analysis was conducted on the base case pre-tax and post-tax NPV and IRR of the Project, using the following variables: metal prices, discount rate, head grade, recovery, total operating cost, and initial capital cost. Section 22.6 illustrates the sensitivity analysis for the Project NPV & IRR, respectively, and shows both NPV and IRR are sensitive to changes in commodity price, recovery, and head grade, and less sensitive to total operating cost and capital costs.

**Table 1-14: Sensitivity Summary Post-Tax NPV Full Year (\$M)**

Metal Prices	Post-Tax NPV (7%)	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	-10.0%	10.0%	-10.0%	10.0%	-10.0%	10.0%
-20.0%	(\$142)	\$6	(\$291)	\$51	(\$336)	(\$459)	\$173
-10.0%	\$302	\$449	\$154	\$494	\$109	(\$52)	\$632
--	\$713	\$861	\$566	\$906	\$521	\$343	\$1,072
10.0%	\$1,111	\$1,257	\$964	\$1,302	\$919	\$712	\$1,500
20.0%	\$1,499	\$1,645	\$1,353	\$1,691	\$1,307	\$1,069	\$1,925
Metal Prices	Post-Tax IRR	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	-10.0%	10.0%	-10.0%	10.0%	-10.0%	10.0%
-20.0%	5.3%	7.1%	3.7%	7.6%	2.8%	1.0%	9.1%
-10.0%	10.6%	12.8%	8.7%	12.9%	8.3%	6.4%	14.6%
--	15.6%	18.4%	13.2%	18.0%	13.2%	11.0%	20.1%
10.0%	20.5%	23.9%	17.7%	23.0%	18.1%	15.5%	25.3%
20.0%	25.2%	29.1%	22.0%	27.7%	22.8%	19.9%	30.4%

Figure 1-8 illustrates the pre- and post- tax project NPV sensitivity to copper pricing. Base price used for the Project is \$3.80/lb copper. A 10% increase in the price of copper (above the base case assumption) would result over \$1 billion dollars in NPV. The project value also demonstrates sensitivity to molybdenum pricing with a \$10/lb increase resulting in a post-tax NPV<sub>(7%)</sub> improvement of approximately \$129 million.

**Figure 1-8: Project NPV Sensitivity to Cu Price**



Source: Ausenco, 2023

## Conclusions and Interpretations

Copper Creek represents an advanced-stage exploration project targeting multiple near-surface breccias and deeper porphyry-style copper mineralization. The modelled breccia units and porphyry areas are open in multiple directions and at depth in certain areas. The current MRE reports M&I resources of 421.9 Mt at an average grade of 0.45% copper for a contained 4.2 billion pounds of copper. The mineral resource remains open at depth and laterally. In addition, there are several hundred breccia occurrences currently mapped at surface, only 17 of which are captured in the MRE. In the opinion of the QP for Mineral Resources, the results of the exploration work completed on the Project to the date of the Copper Creek Technical Report are of substantial technical merit to recommend additional exploration expenditures.

The Copper Creek property is amenable to conventional truck and shovel open pit mining, followed by underground mass mining. Mining operations would be able to feed 11 Mt/a of mineralized material for processing over a 32-year project life. Surface mining provides mill feed until Year 11. A four-year open pit ramp down coincides with the underground production ramp-up, achieving steady-state production by Year 12 and continuing until Year 29. The last three years of mill feed would be entirely from LGSP material.

Results from flotation testing showed average recoveries of over 94.0% copper from sulphide material and 74.0% copper from transition materials, producing high-quality clean concentrates. Molybdenum recoveries from sulphide and transitional materials are estimated to be 71.3 and 73.9%, respectively. With an initial capital investment of \$798 million and a competitive operating cost profile (average LOM production cash costs of \$1.67/lb copper and an AISC of \$1.85/lb copper), the Project supports a post-tax



NPV of \$713 million, an IRR of 15.6% with the open pit operation fully funding the development of the underground mine.

The project also likely benefits from enhanced environmental, social, and governance practices of installing a DSTF and considering renewable energy sources.

### **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 the Company's 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 mineralized 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, 2023. 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, 2023 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.

### **Demand for Copper**

Copper has a number of different applications, including being used in wiring and cable products, copper tubing and the transportation industry. The projected medium-long term demand for copper is expected to

be driven significantly by amongst other factors, the current anticipated global energy transition to renewable energy and electric vehicles. Alternative technologies are continually being investigated and developed with a view to reducing production costs or for other reasons, such as minimizing environmental or social impact. If competitive technologies emerge that use other materials in place of copper, demand and price for copper might fall, which could have a material adverse effect on the Company's business, financial condition or prospects.

### **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 mineralized 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, state, and local 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 Mineralization Estimates**

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization 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 mineralization 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 will be subject to market trends generally, notwithstanding any potential success or challenges of the Company in creating revenues, cash flows or earnings.



## **Inflation Risk**

The general rate of inflation in Canada and many other countries saw significant increases during 2021 and 2022 and remained elevated throughout 2023. Certain underlying factors include, but are not limited to, global supply chain disruptions, shipping restrictions, labour market constraints, geopolitical instability and side effects from monetary and fiscal expansions. The global economic recovery remains uncertain. Prices for certain services and materials continue to evolve in response to fast-changing commodity markets, industry activities, supply chain dynamics, and government policies impacting operating and capital costs. In March 2022, the Bank of Canada began raising its benchmark interest rates for the first time since 2018 and further interest rate increases may continue to occur. The general rate of inflation impacts the general economic and business environment, which in turn impacts the Company. The Company closely monitors market trends and seeks to mitigate cost impacts through a variety of management actions.

## **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.

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, pit slope instability 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 trading volume of the Company's Common Shares may limit 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.

### **Relationships with Local Communities and Other Stakeholders**

The Company's relationships with the communities in which it operates and other stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. The evolving expectations related to human rights and environmental protection may result in opposition to the Company's current and future operations or further development or new development of the Company's projects. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities and may have a negative impact on the Company's reputation and operations. Opposition by any of the aforementioned groups to the Company's operations may require modification of, or preclude the operation or development of, the Company's projects or may require the Company to enter into agreements with such groups or local governments with respect to the Company's projects, in some cases, causing increased cost and considerable delays to the advancement of the Company's projects. Further, publicity adverse to the Company, its operations or extractive industries generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and with other

stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

### **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 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 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 TSX 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.

## **Geotechnical, Hydrological and Climatic Events**

All mining operations face geotechnical, hydrological and climate challenges. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, subsidence and uplift, embankment failures and natural hazards may occur in the future and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and seismic activity. Geotechnical failures could result in limited or restricted access to mines, suspension of operations, environmental damage, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could result in increased costs, and could result in a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

## **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 COVID-19. Such public health crises 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 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. There can be no assurance that such public health crises will not 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 any 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 the governmental actions taken to address such public health crises.

### **International Conflict, 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, state, 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. International conflict, 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.

Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains and global economies more broadly. Conflict and political uncertainty also continues in the Middle East. In October 2023, Israel and Hamas engaged in a series of violent exchanges which resulted in a significant increase in tension in the region and may have far reaching effects on the global economy. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition and results of operations. The extent and duration of such conflicts and any related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified herein, including those relating to commodity price volatility and global financial conditions.

### **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 intend to 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 has not paid any dividends in the three most recently completed financial years and 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, 2023, there were 176,566,975 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, 2023, the Company had 12,500,000 Common Share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 12,500,000 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.

On September 2, 2021, the board of directors adopted 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 were reserved for issuance under the LTIP (together with any other share-based compensation arrangement, including the Legacy Plan).

At the annual and special general meeting of shareholders held on June 20, 2023, the shareholders of the Company approved an amended and restated LTIP (the "**Amended and Restated LTIP**") which incorporated the following amendments: (a) converting from a fixed reserve plan to an "evergreen plan" pursuant to which the maximum number of Common Shares available for issuance pursuant to Awards under the Amended and Restated LTIP is 10% of the issued and outstanding Common Shares from time to time; (b) removing references to the Canadian Securities Exchange that are no longer applicable; and (c) certain other changes of a "housekeeping nature".

As at December 31, 2023, there were 11,439,000 stock options outstanding under the Legacy Plan and the LTIP, 10,903,667 of which were exercisable.

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

As at December 31, 2023, the Company had 2,918,360 RSUs outstanding which will be settled through the issuance of Common Shares or cash in accordance with the applicable vesting schedules. There are no DSUs and PSUs outstanding as at December 31, 2023.



## 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 are listed and posted for trading on the TSX under the symbol "FDY" and on the OTCQX under the symbol "CPPKF".

The following table sets forth information relating to the monthly trading of the Common Shares on the TSX for the financial year ended December 31, 2023.

<u>Month</u>	<u>Low (\$)</u>	<u>High (\$)</u>	<u>Volume</u>
January 2023	0.52	0.81	6,537,416
February 2023	0.72	0.92	10,303,829
March 2023	0.75	0.97	5,646,193
April 2023	0.80	1.18	9,570,993
May 2023	0.70	1.05	4,005,080
June 2023	0.69	0.82	1,661,270
July 2023	0.69	0.90	2,189,471
August 2023	0.66	0.86	1,557,803
September 2023	0.62	0.76	1,679,701
October 2023	0.58	0.70	1,677,212
November, 2023	0.53	0.65	1,703,622
December 2023	0.55	0.74	1,607,125

The following table sets forth information relating to the monthly trading of the Common Shares on the OTCQX for the financial year ended December 31, 2023.

<u>Month</u>	<u>Low (US\$)</u>	<u>High (US\$)</u>	<u>Volume</u>
January 2023	0.37	0.59	917,449
February 2023	0.54	0.67	532,227
March 2023	0.55	0.72	567,292
April 2023	0.59	0.87	858,889

May 2023	0.51	0.77	468,089
June 2023	0.52	0.59	289,151
July 2023	0.51	0.68	519,594
August 2023	0.49	0.64	295,360
September 2023	0.46	0.55	139,642
October 2023	0.42	0.51	261,201
November, 2023	0.39	0.48	196,639
December 2023	0.41	0.51	423,371

### **PRIOR SALES**

No securities of a class that is outstanding but not listed or quoted on a marketplace were issued during the financial year ended December 31, 2023, except that on January 31, 2023, 1,436,570 RSUs were granted to certain directors, officers, employees and consultants of the Company pursuant to the LTIP, of which one third vested immediately, one third vested one year following the grant date and one third will vest two years following the grant date.

### **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-held position 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.

<b>Name, Residence and Offices Presently Held</b>	<b>Principal Occupation (for last five years)<sup>(1)</sup></b>	<b>Director and/or Executive Officer Since</b>	<b>Shares Beneficially Owned or Controlled<sup>(4)</sup></b>
Paul Harbidge <i>Director, President and Chief Executive Officer</i> British Columbia, Canada	President, CEO and Director of the Company; Director of Japan Gold; Former President, CEO and Director of GT Gold Corp.	September 2, 2021	1,337,500 (0.76%)

<b>Name, Residence and Offices Presently Held</b>	<b>Principal Occupation (for last five years)<sup>(1)</sup></b>	<b>Director and/or Executive Officer Since</b>	<b>Shares Beneficially Owned or Controlled<sup>(4)</sup></b>
Russell Ball <sup>(2)(3)</sup> <i>Director and Chair</i> British Columbia, Canada	Director of Southern Silver Exploration Corp., and Ivanhoe Electric Inc.; Former CEO and Director of Calibre Mining Corp.	September 2, 2021	2,450,000 (1.39%)
Alan Wilson <sup>(2)</sup> <i>Director</i> 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	33,600 (0.02%)
Katherine Arnold <i>Director</i> Arizona, USA	Owner/Member of Next Plan, LLC; Director of Sustainability, Auxilium Technology Group; Director of Arizona Metals Corp.; Former Director of Environment, Rosemont Copper, Hudbay Minerals – Arizona Business Unit	April 19, 2022	62,575 (0.04%)
Randy Engel <sup>(3)</sup> <i>Director</i> Colorado, USA	Former Executive Vice President, Strategic Development, Newmont Corporation	April 19, 2022	250,000 (0.14%)
Robert Doyle <sup>(3)</sup> <i>Director</i> British Columbia, Canada	Director of Orezone Gold Corporation and Lithium Argentina, Former CFO of Pan American Silver Corp.	April 19, 2022	279,500 (0.16%)
Audra Walsh <sup>(2)</sup> <i>Director</i> New York, USA	Director of Argonaut Gold Inc., Calibre Mining Corp. and IAMGOLD Corporation; Former CEO of Minas Aguas Teñidas, S.A.U.	April 19, 2022	250,000 (0.14%)
Arndt Brettschneider <i>Director</i> British Columbia, Canada	Vice President Operations and Projects, Filo Mining Corporation; Former Vice President Projects and Technical Services for Josemaria Resources; Former Vice President, Mining and Asset Performance, Ausenco	November 9, 2022	250,000 (0.14%)
Graham Richardson <i>Chief Financial Officer</i> British Columbia, Canada	CFO of the Company; Former Senior Director of Finance and Accounting, Fortuna Silver Mines Inc.; Former Assistant Regional Controller - North America, Newmont Corporation; Director, Finance Performance Management, Goldcorp Inc.	October 15, 2021	143,900 (0.08%)

Name, Residence and Offices Presently Held	Principal Occupation (for last five years) <sup>(1)</sup>	Director and/or Executive Officer Since	Shares Beneficially Owned or Controlled <sup>(4)</sup>
Zach Allwright <i>Vice President, Projects &amp; Evaluations</i> British Columbia, Canada	Former Director – North America, Mining Plus Canada Consulting; Former Manager – Technical Services, Mining Plus Canada Consulting	October 15, 2021	45,900 (0.03%)
Thomas Bissig <i>Vice President, Exploration</i> British Columbia, Canada	Former Principal Consultant for Bissig Geoscience Consulting; Former Director Geochemistry, Newmont and Goldcorp Inc.	October 1, 2021	11,400 (0.01%)

**Notes:**

<sup>(1)</sup> 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.

<sup>(2)</sup> Member of the Corporate Governance and Compensation Committee.

<sup>(3)</sup> Member of the Audit Committee.

<sup>(4)</sup> Ownership percentages are calculated based on 176,585,575 Common Shares 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 5,114,375 Common Shares, representing approximately 2.90% 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 TSX 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 or any of its subsidiaries and any directors or officers of the Company or any of its subsidiaries, 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**

No director, executive officer or beneficial holder of 10% or more of the Common Shares, 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.

### **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**

Other than material contracts entered into in the ordinary course of business, the only material contract entered into by the Company during the most recently completed financial year or before the most recently completed financial year which is still in effect is the Underwriting Agreement dated February 6, 2023 in connection with the Q1 2023 Offering, as described further in "*General Development of the Business – Recent Developments*", a copy of which is available on the Company's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

### **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 NI 51-102 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:

- Thomas Bissig, P. Geo. and Zach Allwright, P. Eng.; and
- Erin L. Patterson, P.E., Ausenco Engineering USA South Inc., Peter Mehrfert, P. Eng., Ausenco Engineering Canada Inc., Scott C. Elfen, P.E., Ausenco Engineering Canada Inc., Scott Weston, P. Geo., Ausenco Sustainability Inc., Berkley Tracy, P.G., CPG, P. Geo., SRK Consulting (USA) Inc., Bob McCarthy, P. Eng., SRK Consulting (Canada) Inc., Jarek Jakubec, C. Eng., FIMMM, SRK Consulting (Canada) Inc., and Robert W. Pratt, P.E., Call & Nicholas Inc 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, except that Thomas Bissig is currently the Vice President, Exploration of the Company and Zach Allwright is currently the Vice President, Projects and Evaluations of the Company.

The auditor of the Company is Deloitte LLP, Chartered Professional Accountants. Deloitte LLP, Chartered Professional Accountants is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

### **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 of 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. From 2004 to 2022 Mr. Doyle served as the Chief Financial Officer of Pan American Silver Corp., a TSX and NASDAQ-listed mining company. Mr. Doyle currently serves on the board of Lithium Argentina 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 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***

Randy Engel has over 30 years of experience in corporate finance and international capital markets. Mr. Engel previously served as the Executive Vice President of Strategic Development at Newmont Corporation from October 2008 through his retirement in 2021. Mr. Engel joined Newmont in 1994, and held various leadership positions in the areas of corporate strategy, mergers and acquisitions, business planning, investor relations and corporate treasury. Mr. Engel currently serves as a founding partner at Whetstone Resources, a private investment and advisory firm focusing on international mining business opportunities. Mr. Engel also serves as Chair of the Executive Advisory Board of the Daniels College of Business at the University of Denver, and as Chair of the Board for the Crested Butte Youth Mountain Bike Development Team. 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 to the Company by the external auditors of the Company to ensure auditor independence. Fees incurred for external audit services in the Company's financial years ended December 31, 2023 and 2022 are outlined below:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2023 <sup>(2)</sup>	Fees Paid to Auditor in Year Ended December 31, 2022 <sup>(1)</sup>
Audit Fees <sup>(3)</sup>	\$166,920	\$52,600
Audit Related Fees <sup>(4)</sup>	Nil	Nil
Tax Fees <sup>(5)</sup>	\$21,935	\$22,100
All Other Fees <sup>(6)</sup>	Nil	Nil
<b>Total</b>	<b>\$188,855</b>	<b>\$74,700</b>

### Notes:

<sup>(1)</sup> Effective December 7, 2022, the external auditor of the Company was changed from Smythe LLP to Deloitte LLP. All auditor fees paid by the Company in the year ended December 31, 2022 were paid to Smythe LLP and did not include any fees incurred on account of the annual audit of the Company's consolidated financial statements for the year ended December 31, 2022. No fees were paid to Deloitte LLP during the year ended December 31, 2022.

<sup>(2)</sup> All auditor fees paid by the Company in the year ended December 31, 2023 were paid to Deloitte LLP, which included fees incurred on account of the annual audit of the Company's consolidated financial statements for the year ended December 31, 2022.

<sup>(3)</sup> "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.

<sup>(4)</sup> "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.

<sup>(5)</sup> "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.

<sup>(6)</sup> "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.sedarplus.com](http://www.sedarplus.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 Company's management information circular dated May 16, 2023 and filed in connection with the annual and special general meeting of shareholders held on June 20, 2023. Such information for the year ended December 31, 2023 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, 2023, each of which is available under the Company's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

## **SCHEDULE A**

### **FARADAY COPPER CORP AUDIT COMMITTEE CHARTER**

(adopted by the Board of Directors and Audit Committee of the Company 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.