

Arizona Sonoran Cactus Project Standalone PEA Technical Report Reporting Post-Tax NPV8 of US\$2.03 Billion and IRR of 24% is now Filed

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[Arizona Sonoran Copper Company Inc.](#) (TSX:ASCU | OTCQX:ASCUF) ("ASCU" or the "Company") today reports that, further to the press release dated AUG 7, 2024, announcing the Cactus Project NI 43-101 Preliminary Economic Assessment ("PEA"), the technical report in respect of the PEA is now filed on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile and is also available on the company website (www.arizonasonoran.com). The Cactus PEA envisages an average 86k short ton (172 million pound) per annum open pit copper heap leaching operation over a 31-year mine life ("LoM"). In total, 5.3 billion lbs or 2.7 million short tons of LME Grade A Copper Cathodes is detailed for production directly onsite via solvent extraction and electrowinning ("SXEW") hydrometallurgical processing. The PEA supersedes the previously released Pre-Feasibility Study ("PFS") in all respects. All dollar amounts referenced herein in US dollars, and all references to tons are imperial or short tons, unless otherwise noted; 1 short ton equals approximately 0.91 metric tonnes.

Highlights from the PEA:

- Key Performance Indicators at \$3.90/lb Copper
 - \$2,032 million Net Present Value ("NPV") (8% discount, after-tax)
 - 24% Internal rate of return ("IRR", after-tax)
 - 4.9 years Payback Period
 - \$668 million development capital including contingency
- Life of Mine ("LoM") Gross Revenue of \$20.8 billion
- LoM Free Cash Flow ("FCF") of \$7,295 million (unlevered)
- Cash costs (C1) of \$1.82 and All in Sustaining Costs ("AISC") of \$2.00 per pound of copper
- Financial and operational executability now through transition to Open Pit operation
 - 94% material from open pit mining (Cactus West and Parks/Salyer), 6% from the Stockpile and Cactus East underground
- 232 million pounds ("lbs") (116,052 short tons ("st")) average annual copper cathode production over the first 20 years of operation and a total of 5,339 million lbs (2,669,342 st) of copper cathode produced over the 31-year operating mine life
- Cactus Project is well positioned to add value in a variety of copper price environments

The PEA is preliminary in nature, and 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. There is no certainty that the project described in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

TABLES 1 and 2 below summarize the key metrics within the PEA and the sensitivities to the copper price, as it relates to revenue, NPV and IRR.

TABLE 1: SUMMARY OF KEY METRICS

		2024 PEA
Valuation Metrics (Unlevered)	Unit	\$3.90/lb Cu
Net Present Value @ 8% (pre-tax)	\$ millions	2,769
Net Present Value @ 8% (after-tax)	\$ millions	2,032

Internal Rate of Return (after-tax)	%	24.0
Payback Period (after-tax)	# years	4.9
		2024 PEA
Project Metrics (Imperial)	Unit	
		\$3.90/lb Cu
Construction Period - SXEW plant	# years	1.5 - 2
Life of Mine	# years	31
Strip Ratio	Waste : Feed	2.3 : 1
LoM Mineralized Material Mined	ktons	889,004
LoM Copper Grade	% CuT	0.46
	000 tons	86
LoM Avg Annual Contained Copper Production		
	millions lbs	172
LoM Annual Crusher Throughput	millions tons	29
Annual Copper Production	000 tons	116
(years 1-20)	millions lbs	232
Recovery (years 1-20)	%Cu TSol	83
LoM Recoveries (LOM)	% Cu TSol	73
LoM Oxide	% Cu TSol	92
LoM Enriched	% Cu TSol	85
LoM Primary (conventional leaching)	% CuT	25
LoM Recovered Copper Cathodes	K pounds	5,338,683
Initial Capital (including contingency)	\$ millions	668
Sustaining Capital	\$ millions	1,169
Cash Cost (C1)*	\$/lb Cu	1.82
All in Sustaining Cost (AISC)*	\$/lb Cu	2.00
LoM Revenues	\$ millions	20,821
LoM EBITDA	\$ millions	11,292
LoM FCF (unlevered) after tax	\$ millions	7,295

Notes:

*Project operating costs include mine operating, process plant operating, and general and administrative costs ("G&A"). Total production costs include royalty expense. The AISC additionally includes initial Capex, sustaining Capex, reclamation & closure.

TABLE 2: Report Sensitivities to the Copper Price

Revenue, NPV and IRR Sensitivity Based on Copper Price

Metal Price	Copper Price	Revenue		NPV, before tax @ 8% (US\$000)	NPV, after tax @ 8% (US\$000)	IRR after Tax
		(US\$000)	(US\$000)			
Base Case	\$3.90	\$20,820,863	\$2,769,280		\$2,031,671	24%
20%	\$4.68	\$24,985,035	\$4,237,162		\$3,196,838	32%
10%	\$4.29	\$22,902,949	\$3,503,221		\$2,612,817	28%
-10%	\$3.51	\$18,738,777	\$2,035,338		\$1,450,505	20%
-20%	\$3.12	\$16,656,690	\$1,301,397		\$861,488	16%

Quality Assurance and Quality Control Procedures

Skyline Labs is accredited in accordance with the recognized International Standard ISO/IEC 17025:2005. Their quality management system has been certified as conforming to the requirements defined in the International Standard ISO 9001:2015. The standard operating procedure (SOP) used while processing the ASCU samples was to process samples in groups of 20. Each tray consisted of 18 samples with samples No. 1 and No. 10 repeated as duplicates. The results from each tray were analyzed and any variance in the duplicates of more than 3% would result in the entire tray being re-assayed.

The results of these analyses, including the QA/QC checks, were transmitted to a select set of individuals at ASCU and the qualified persons.

Qualified Persons

Each of the persons listed below are authors preparing the PEA and have reviewed and verified the contents of this news release as it relates to their area of responsibilities. By virtue of their education, experience and professional association membership, each of the below listed persons are considered "qualified person" as defined by NI 43-101.

Scientific and technical aspects of this news release have been reviewed and verified by these Qualified Persons listed below and Dan Johnson, ASCU Director of Projects, as defined by National Instrument 43-101.

Project Management, M3 Engineering, John Woodson, PE, SME-RM
 Metallurgy, M3 Engineering, Laurie Tahija, QP-MMSA
 Mineral Resources, Allan L. Schappert, CPG, SME-RM, ALS Geo Resources LLC
 Water and Environmental, R. Douglas Bartlett, CPG, PG. Clear Creek Associates, a subsidiary of Geo-Logic Associates
 Mine Planning, Gordon Zurowski, P.Eng., AGP Mining Consultants Inc.

Links from the Press Release:

August 7, 2024:

<https://arizonasonoran.com/news-releases/arizona-sonoran-standalone-pea-for-cactus-open-pit-project-reports-post-ta>
 SEDAR+: <https://www.sedarplus.ca>

About Arizona Sonoran Copper Company (www.arizonasonoran.com | www.cactusmine.com)

ASCU's objective is to become a mid-tier copper producer with low operating costs and to develop the Cactus and Parks/Salyer Projects that could generate robust returns for investors and provide a long term sustainable and responsible operation for the community and all stakeholders. The Company's principal

asset is a 100% interest in the Cactus Project (former ASARCO, Sacaton mine) which is situated on private land in an infrastructure-rich area of Arizona. Contiguous to the Cactus Project is the Company's 100%-owned Parks/Salyer deposit that could allow for a phased expansion of the Cactus Mine once it becomes a producing asset. The Company is led by an executive management team and Board which have a long-standing track record of successful project delivery in North America complemented by global capital markets expertise.

Non-IFRS Financial Performance Measures

This news release contains certain non-IFRS measures, including sustaining capital, sustaining costs, EBITDA, C1 cash costs and AISC. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Forward-Looking Statements

This news release contains "forward-looking statements" and/or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expect", "is expected", "in order to", "is focused on" (a future event), "estimates", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", or the negative connotation thereof. In particular, statements regarding ASCU's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves or mineral resources constitute forward-looking statements. Forward-looking statements in this news release include, but are not limited to statements with respect to the results (if any) of further exploration work to define and expand or upgrade mineral resources and reserves at ASCU's properties; the anticipated exploration, drilling, development, construction and other activities of ASCU and the result of such activities; the estimates and assumptions underlying the PEA; projected production; sensitivity of the Cactus Project to changes in copper prices; pre-tax and after-tax NPV; after-tax IRR; payback period; LOM estimates; free-cash flows estimates; AISC and cost estimates; expected revenues, EBITDA or recoveries; the ability of exploration work (including drilling) to accurately predict mineralization; the ability of management to understand the geology and potential of the Cactus Project; the focus of the current drilling program at the Cactus Project including the Parks/Salyer deposit and MainSpring property; the impact of transition to open pit operations; the ability to generate additional drill targets; the ability of ASCU to complete its exploration objectives in 2024 in the timing contemplated (if at all); the timing and scope of any future technical reports and studies conducted by ASCU; the ability to realize upon mineralization in a manner that is economic; the impact of bringing the MainSpring property into the mine plan; the ability and timing of ASCU to commence operations (if at all); the robust economics and opportunity represented by the Cactus Project; the expected impact of the Cactus Project on the local economy and stakeholders; and its operations and any other information herein that is not a historical fact.

ASCU considers its assumptions to be reasonable based on information currently available but cautions the reader that their assumptions regarding future events, many of which are beyond the control of the Company, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect ASCU, its properties and business. Such risks and uncertainties include, but not limited to, the global economic climate, developments in world commodity markets, changes in commodity prices (particularly prices of copper), risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, risks relating to capital market conditions and ASCU's ability to access capital on terms acceptable to ASCU for the contemplated exploration and development at the Company's properties, changes in exploration, development or mining plans due to exploration results and changing budget priorities of ASCU or its joint venture partners, the effects of competition in the markets in which ASCU operates, results of further exploration work, the ability to continue exploration and development at ASCU's properties, errors in geological modelling, changes in any of the assumptions underlying the PEA, the ability to expand operations or complete further exploration activities, the ability to obtain regulatory approvals, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in ASCU's most recently filed Annual Information Form, annual and interim management's discussion and analysis, copies of which are available on SEDAR+ (www.sedarplus.ca) under ASCU's issuer

profile. ASCU's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although management considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it based on information available at the date of preparation, those assumptions may prove to be incorrect. There can be no assurance that these forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and are urged to carefully consider the foregoing factors as well as other uncertainties and risks outlined in ASCU's public disclosure record.

ASCU disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law.

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