ARIZONA METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Arizona Metals Corp. (the "Company") have been prepared by and are the responsibility of management.

Arizona Metals Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	**$ 56,665,232**	$ 55,774,455
Sales tax recoverable	**151,652**	572,721
Prepaid expenses	**692,620**	695,748
Total current assets	**57,509,504**	57,042,924
Non-current assets		
Property and equipment (note 3)	**53,784**	-
Reclamation bond (note 7)	**234,579**	234,579
Total assets	**$ 57,797,867**	$ 57,277,503
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**$ 1,075,114**	$ 1,069,779
Total liabilities	**1,075,114**	1,069,779
Shareholders' equity		
Share capital (note 4)	**93,899,489**	86,332,796
Reserves (notes 5 and 6)	**6,274,703**	5,191,031
Deficit	**(43,451,439)**	(35,316,103)
Total shareholders' equity	**56,722,753**	56,207,724
Total liabilities and shareholders' equity	**$ 57,797,867**	$ 57,277,503

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 7 and 10)

Arizona Metals Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating expenses		
Salaries and benefits (note 8)	**$ 179,713**	$ 121,635
Exploration and evaluation expenditures (note 7)	**5,338,895**	4,663,100
Office and general	**112,430**	80,865
Professional fees (note 8)	**60,574**	70,783
Business development	**77,287**	60,948
Share-based payments (notes 5 and 8)	**2,267,986**	236,524
Filing fees	**94,090**	11,201
Depreciation (note 3)	**4,361**	-
Net loss and comprehensive loss for the period	**$ (8,135,336)**	$ (5,245,056)
Basic and diluted net loss per share	**$ (0.08)**	$ (0.07)
Weighted average number of common shares outstanding	**106,062,290**	73,968,760

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Arizona Metals Corp.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Unaudited

	Share capital				
	Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, December 31, 2020	**65,753,710**	**$ 15,256,986**	**$ 5,038,780**	**$ (15,699,012)**	**$ 4,596,754**
Private placement (note 4(b))	10,526,316	10,000,000	-	-	10,000,000
Share issuance costs	-	(271,480)	-	-	(271,480)
Stock options exercised (note 5)	350,000	317,334	(154,334)	-	163,000
Warrants exercised	1,505,189	1,421,341	(343,381)	-	1,077,960
Share-based payments	-	-	236,524	-	236,524
Net loss for the period	-	-	-	(5,245,056)	(5,245,056)
Balance, March 31, 2021	**78,135,215**	**$ 26,724,181**	**$ 4,777,589**	**$ (20,944,068)**	**$ 10,557,702**
Balance, December 31, 2021	**104,976,960**	**$ 86,332,796**	**$ 5,191,031**	**$ (35,316,103)**	**$ 56,207,724**
Stock options exercised (note 5)	20,000	27,204	(11,204)	-	16,000
Warrants exercised (note 6)	3,492,344	7,539,489	(1,173,110)	-	6,366,379
Share-based payments	-	-	2,267,986	-	2,267,986
Net loss for the period	-	-	-	(8,135,336)	(8,135,336)
Balance, March 31, 2022	**108,489,304**	**$ 93,899,489**	**$ 6,274,703**	**$ (43,451,439)**	**$ 56,722,753**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Arizona Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Operating activities		
Net loss for the period	**$ (8,135,336)**	$ (5,245,056)
Adjustments for:		
Share-based payments (note 5)	**2,267,986**	236,524
Depreciation	**4,361**	-
Changes in non-cash working capital items:		
Sales tax recoverable	**421,069**	2,685
Prepaid expenses	**3,128**	52,248
Accounts payable and accrued liabilities	**5,335**	843,580
Net cash used in operating activities	**(5,433,457)**	(4,110,019)
Investing activities		
Reclamation bond	**-**	(84,695)
Purchase of property and equipment	**(58,145)**	-
Net cash used in investing activities	**(58,145)**	(84,695)
Financing activities		
Proceeds from private placements and public offering (note 4)	**-**	10,000,000
Share issuance costs (note 4)	**-**	(271,480)
Proceeds from exercise of stock options (note 5)	**16,000**	163,000
Proceeds from exercise of warrants (note 6)	**6,366,379**	1,077,960
Net cash provided by financing activities	**6,382,379**	10,969,480
Net change in cash	**890,777**	6,774,766
Cash, beginning of period	**55,774,455**	3,885,930
Cash, end of period	**$ 56,665,232**	$ 10,660,696

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

Arizona Metals Corp. ("AMC" or the "Company") was incorporated under the Canada Business Corporations Act on June 28, 2017. The Company's head office, principal address and registered and records office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, Canada, M5K 1B7. The Company completed its Initial Public Offering on March 6, 2018 and was classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V").

On August 1, 2019, the Company completed a reverse take-over transaction ("RTO") with Croesus Gold Corp. ("Croesus") wherein the Company acquired 100% of the issued and outstanding common shares of Croesus. As a result of the share exchange, Croesus is considered to have control. While the Company is the legal acquirer, the accounting acquirer is Croesus and these financial statements are consolidated and presented with Croesus as the continuing entity. Concurrent with the RTO, the Company changed its name to Arizona Metals Corp. and began trading on the TSX-V under the symbol "AMC". On August 6, 2020, the Company began trading on the OTCQB under the ticker "AZMCF" and moved to the OTCQX in January 2021.

AMC is a Canadian exploration company focused on precious metal exploration in the United States. At the date of these unaudited condensed interim consolidated financial statements, the Company does not have any operating mines, nor has it earned any income.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

AMC is at an early stage of exploration and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has current assets in excess of current liabilities of $56,434,390 at March 31, 2022 (December 31, 2021 - $55,973,145). For the three months ended March 31, 2022, the Company had a net loss of $8,135,336 (three months ended March 31, 2021 - $5,245,056), and had cash outflows from operations of $5,433,457 (three months ended March 31, 2021 - $4,110,019).

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company believes that it will have sufficient capital to operate over the next twelve months.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. While it has not had a significant impact on operations so far, the continuing extent of the effect of COVID-19 on the Company is uncertain.

(Expressed in Canadian Dollars)

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2021 annual financial statements which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 30, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2021.

New accounting policies

<u>Property and equipment</u>

Property and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Amortization is provided at rates calculated to write off the cost, less their estimated residual value, using the declining balance method at the following various rates:

Vehicles	- 30%, declining balance basis

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item consists of major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Residual values, estimated useful lives and amortization methods are reviewed at least annually.

Change in accounting policies

During the year ended December 31, 2022, the Company adopted a number of amendments and improvements of existing standards. These included IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is assessing the impact of the below of the below pronouncements on its financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. Property and equipment

Cost		**Vehicles**
Balance, December 31, 2020 and December 31, 2021	$	-
Additions		58,145
Balance,March 31, 2022	$	58,145

Accumulated Depreciation		**Equipment**
Balance, December 31, 2020 and December 31, 2021	$	-
Depreciation for the period		4,361
Balance, March 31, 2022	$	4,361

Carrying Value		**Equipment**
Balance, December 31, 2021	$	-
Balance, March 31, 2022	$	53,784

(Expressed in Canadian Dollars)

4. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020	**65,753,710**	**$ 15,256,986**
Private placements (i)	10,526,316	10,000,000
Share issuance costs (i)	-	(271,480)
Stock options exercised	350,000	317,334
Warrants exercised	1,505,189	1,421,341
Balance, March 31, 2021	**78,135,215**	**$ 26,724,181**
Balance, December 31, 2021	**104,976,960**	**$ 86,332,796**
Stock options exercised	20,000	27,204
Warrants exercised	3,492,344	7,539,489
Balance, March 31, 2022	**108,489,304**	**$ 93,899,489**

(i) On January 26, 2021, the Company closed a non-brokered private placement of 10,526,316 common shares of the Company at $0.95 per common share for gross proceeds of $10,000,000. In connection with the offering, the Company paid cash finders' fees totaling $211,787 and other share issuance cost of $59,693.

5. Stock options

The Company's stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2020	10,082,000	$ 0.30
Issued (i)	200,000	1.00
Exercised	(350,000)	0.47
Balance, March 31, 2021	9,932,000	$ 0.31
Balance, December 31, 2021	6,852,000	$ 0.40
Issued (v)	775,000	5.95
Exercised	(20,000)	0.80
Balance, March 31, 2022	7,607,000	$ 0.96

(Expressed in Canadian Dollars)

5. Stock options (continued)

(i) On February 8, 2021, the Company granted 200,000 stock options to directors of the Company with an exercise price of $1.00 per share, expiring five years from the date of issuance. The stock options vested immediately upon issuance. The stock options were assigned a grant date value of $169,076 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $1.09, expected dividend yield of 0%, expected volatility of 107%, risk-free rate of return of 0.50%, and an expected maturity of 5 years.

(ii) On January 31, 2022, the Company granted 450,000 stock options to a consultant and an employee of the Company with exercise price of $5.38 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date. The stock options were assigned a grant date value of $1,775,575 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $5.60, expected dividend yield of 0%, expected volatility of 90%, risk-free rate of return of 1.64%, and an expected maturity of 5 years.

(iii) On March 28, 2022, the Company granted 325,000 stock options to directors of the Company with exercise price of $6.75 per share, expiring in 5 years. The options vested immediately. The stock options were assigned a grant date value of $1,484,966 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $6.57, expected dividend yield of 0%, expected volatility of 89%, risk-free rate of return of 2.46%, and an expected maturity of 5 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2022:

Fair value ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Exercisable options	Weighted average exercise price ($)	Expiry date
3,412	0.93	32,000	32,000	0.25	March 6, 2023
236,033	1.67	500,000	300,000	0.68	November 30, 2023
467,071	1.99	1,800,000	1,800,000	0.30	March 27, 2024
202,031	2.63	600,000	600,000	0.40	November 15, 2024
763,217	3.18	1,400,000	1,400,000	0.66	June 4, 2025
169,076	3.86	200,000	200,000	1.00	February 8, 2026
627,386	4.14	2,300,000	2,300,000	0.20	May 19, 2026
1,775,575	4.84	450,000	150,000	5.38	January 31, 2027
1,484,966	4.99	325,000	325,000	6.75	March 28, 2027
5,728,767	3.23	7,607,000	7,107,000	0.96	

(Expressed in Canadian Dollars)

6. Warrants

The Company's warrants outstanding are as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	10,883,711	$ 0.66
Issued	(1,505,189)	0.72
Balance, March 31, 2021	9,378,522	$ 0.66
Balance, December 31, 2021	10,025,969	$ 1.74
Exercised	(3,492,344)	1.82
Balance, March 31, 2022	6,533,625	$ 1.70

The following table reflects the actual warrants issued and outstanding as of March 31, 2022:

Fair value ($)	Number of warrants	Weighted average exercise price ($)	Expiry date
880,713	2,932,581	3.00	April 22, 2022 (ii)
9,274	60,667	0.60	August 1, 2022
520,405	3,404,533	0.50	August 1, 2022
277,726	135,844	4.25	November 12, 2022
1,688,118	6,533,625	1.70	

(ii) Subsequent to March 31, 2022, 90,001 warrants with exercise price of $3.00 expired unexercised.

(Expressed in Canadian Dollars)

7. Exploration and evaluation expenditures

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Sugarloaf Peak Gold Project		
Concession fees	$ 11,506	$ 12,607
Consulting	-	10,932
	11,506	**23,539**
Kay Mine		
Acquisition cost	-	2,207,036
Concession fees	3,302	3,618
Legal fees	12,337	31,974
Consulting	826,232	315,074
Camp costs	59,496	43,487
Drilling	4,260,831	2,010,832
Assays	165,191	16,462
Storage	-	11,078
	5,327,389	**4,639,561**
Total exploration and evaluation expenditures	**$ 5,338,895**	**$ 4,663,100**

Sugarloaf Peak Gold Project

On December 16, 2014, Croesus entered into an option agreement with Riverside Resources Inc. ("Riverside") effective December 16, 2014, as amended December 18, 2015 and March 21, 2016 (the "Sugarloaf Option Agreement") whereby Riverside granted to Croesus the irrevocable and exclusive right and option (the "Option") to purchase and acquire 100% of Riverside's right, title and interest (of any nature or kind whatsoever) in and to the Sugarloaf Peak Gold Project. Croesus exercised the option in full by making aggregate cash payments to Riverside of $700,000 (December 31, 2021 - aggregate cash payments of $700,000) and issuing an aggregate of 10,300,000 common shares (December 31, 2021 - aggregate common shares issued of 10,300,000) to Riverside.

The Sugarloaf Gold Peak Project is subject to a 2% net smelter return royalty due to Riverside and a 1.5% royalty to Arizona Gold Holdings, LLC. AMC has the right to repurchase 0.5% of the royalty granted to Riverside for $2,000,000 until the commencement of production on the Sugarloaf Peak Gold Project. In addition, AMC retains the right to require Riverside to repurchase 1% of the 1.5% royalty held by Arizona Gold Holdings, LLC for US$1,000,000, which repurchase amount would be funded by AMC.

At March 31, 2022, the Company has provided aggregate of $54,652 (December 31, 2021 - $54,652) in deposits as security against potential future reclamation work related to the Sugarloaf Peak Gold Project.

Kay Mine

On November 15, 2018, Croesus entered into an acquisition agreement ("Acquisition Agreement") with Silver Spruce Resources Inc. ("Silver Spruce") to acquire 100% interest in certain patented and unpatented mining claims in Yavapai County, Arizona, USA, known collectively as the "Kay Mine Claims". The purchase price includes:

(Expressed in Canadian Dollars)

7. Exploration and evaluation expenditures (continued)

Kay Mine (continued)

(a) Cash consideration of $50,000 (paid); and
(b) the assumption by the Company of a loan on the closing date with a principal amount of US$450,000, accruing interest at a rate of 12% per annum. The Company repaid the full amount of the loan and the accrued interest on March 12, 2019 in the amount of $652,165.

In May 2019, the Company entered into an agreement with Silver Spruce to amend the ongoing terms of the Acquisition Agreement ("Extension Agreement"). Under the Extension Agreement, Croesus made additional payments to Silver Spruce of $200,000 on May 9, 2019 and $150,000 on June 27, 2019, satisfying all of the Company's obligations under the Acquisition Agreement and Extension Agreement.

In January 2021, the Company entered into a purchase option and sale agreement to acquire 100% of six parcels of patented land totaling 107 acres, located 900 metres northeast of its Kay Mine VMS Project. The purchase price was $2,853,057 (US$2,250,000) and the purchase was completed in May 2021.

At March 31, 2022, the Company has provided aggregate of $179,927 (December 31, 2021 - $179,927) in deposits as security against potential future reclamation work related to the Kay Mine.

8. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

(a) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Salaries and benefits	**$ 179,713**	$ 121,635
Share-based payments	**1,484,966**	169,076
Professional fees	**9,276**	10,834
Legal fees	**32,548**	52,001
	$ 1,706,503	$ 353,546

(b) Included in professional fees is $9,276 (three months ended March 31, 2021 - $10,834) paid to Marrelli Support Services Inc. ("MSSI") for Eric Myung, an employee of MSSI, to act as the Chief Financial Officer ("CFO") of the Company and bookkeeping services. As at March 31, 2022, $602 (December 31, 2021 - $2,318) was owed to MSSI and this amount was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing with no fixed terms of repayment.

(c) A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the three months ended March 31, 2022, the Company incurred legal fees of $32,548 (three months ended March 31, 2021 - $31,354) included in professional fees and share issuance costs of $nil (three months ended March 31, 2021 - $20,647) to this law firm. As of March 31, 2022, included in accounts payable and accrued liabilities is an amount of $34,232 (December 31, 2021 - $7,594) owing to this law firm. The amount owing is unsecured, non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian Dollars)

9. Segmented information

Operating segments

At March 31, 2022, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in the United States. As the operations comprise a single reporting segment, amounts disclosed in these unaudited condensed interim consolidated financial statements also represent operating segment amounts.

Geographic segments

The Company is in the business of mineral exploration in the United States. As such, management has organized the Company's reportable segments by geographic area. The Company's operations in the United States are responsible for mineral exploration activities while the Canadian segment manages corporate head office activities. Information concerning the Company's reportable segments is as follows:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net loss and comprehensive net loss		
Canada	**$ (2,796,441)**	$ (581,956)
United States	**(5,338,895)**	(4,663,100)
Total	**$ (8,135,336)**	$ (5,245,056)

10. Commitments and contingencies

Environmental contingencies

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management contracts

The Company is party to certain employment contracts. These contracts require that additional payments of approximately $2,200,000 be made upon the occurrence of a change of control or $1,100,000 upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.