
ARIZONA METALS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024
(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, 2024	As at December 31, 2023
ASSETS		
Current assets		
Cash	\$ 426,538	\$ 550,399
Investments	24,879,211	29,546,734
Sales tax recoverable	44,169	35,975
Prepaid expenses	350,132	388,076
Total current assets	25,700,050	30,521,184
Non-current assets		
Deposits	544,948	544,948
Property and equipment (note 3)	183,482	198,360
Reclamation bond (note 7)	295,028	295,028
Total assets	\$ 26,723,508	\$ 31,559,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 850,194	\$ 1,534,729
Total liabilities	850,194	1,534,729
Shareholders' equity		
Share capital (note 4)	108,765,879	107,538,079
Reserves (notes 5 and 6)	7,003,825	6,363,279
Deficit	(89,896,390)	(83,876,567)
Total shareholders' equity	25,873,314	30,024,791
Total liabilities and shareholders' equity	\$ 26,723,508	\$ 31,559,520

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 9)

Arizona Metals Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating expenses		
Salaries and benefits (note 8)	\$ 301,835	\$ 240,302
Exploration and evaluation expenditures (note 7)	4,224,482	3,740,076
Office and general	140,018	49,121
Professional fees (note 8)	171,742	59,128
Business development	158,512	81,382
Share-based payments (notes 5, 6 and 8)	1,263,496	123,304
Filing fees	77,338	79,417
Depreciation (note 3)	14,878	11,320
Operating loss before the following item	(6,352,301)	(4,384,050)
Interest income	332,478	419,929
Net loss and comprehensive loss for the period	\$ (6,019,823)	\$ (3,964,121)
Basic and diluted net loss per share	\$ (0.05)	\$ (0.03)
Weighted average number of common shares outstanding	116,729,046	116,025,448

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		Reserves	Deficit	Total
	Shares	Amount			
Balance, December 31, 2022	116,009,804	\$107,274,620	\$ 4,928,679	\$ (59,528,536)	\$ 52,674,763
Stock options exercised (note 5)	32,000	11,412	(3,412)	-	8,000
Share-based payments	-	-	123,304	-	123,304
Net loss for the period	-	-	-	(3,964,121)	(3,964,121)
Balance, March 31, 2023	116,041,804	\$107,286,032	\$ 5,048,571	\$ (63,492,657)	\$ 48,841,946
Balance, December 31, 2023	116,492,304	\$107,538,079	\$ 6,363,279	\$ (83,876,567)	\$ 30,024,791
Stock options exercised (note 5)	2,349,500	1,227,800	(622,950)	-	604,850
Share-based payments	-	-	1,263,496	-	1,263,496
Net loss for the period	-	-	-	(6,019,823)	(6,019,823)
Balance, March 31, 2024	118,841,804	\$108,765,879	\$ 7,003,825	\$ (89,896,390)	\$ 25,873,314

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, 2024	Three Months Ended March 31, 2023
Operating activities		
Net loss for the period	\$ (6,019,823)	\$ (3,964,121)
Adjustments for:		
Share-based payments	1,263,496	123,304
Depreciation	14,878	11,320
Accrued interest	(132,545)	-
Changes in non-cash working capital items:		
Sales tax recoverable	(8,194)	1,350
Prepaid expenses and deposits	37,944	(46,246)
Accounts payable and accrued liabilities	(684,535)	160,155
Net cash used in operating activities	(5,528,779)	(3,714,238)
Investing activities		
Purchase of property and equipment	-	(100,329)
Purchase of investments	(10,100,404)	(419,929)
Redemption of investments	14,900,472	-
Net cash provided by (used in) investing activities	4,800,068	(520,258)
Financing activities		
Proceeds from exercise of stock options	604,850	8,000
Net cash provided by financing activities	604,850	8,000
Net change in cash	(123,861)	(4,226,496)
Cash, beginning of period	550,399	6,958,183
Cash, end of period	\$ 426,538	\$ 2,731,687
Supplemental information		
Interest received	\$ 199,933	\$ 419,929

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

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

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"), which changed to Arizona Metals Holdings Corp. subsequent to RTO, 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. On October 13, 2022, the Company's common shares were delisted from the TSX-V upon graduation to the TSX.

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 from production.

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 \$24,849,856 at March 31, 2024 (December 31, 2023 - \$28,986,455). For the three months ended March 31, 2024, the Company had a net loss of \$6,019,823 (three months ended March 31, 2023 - \$3,964,121), and had cash outflows from operations of \$5,528,779 (three months ended March 31, 2023 - \$3,714,238).

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.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

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 2023 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 15, 2024, 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, 2023.

3. Property and equipment

Cost	Equipment	Vehicles	Total
Balance, December 31, 2022	\$ 12,766	\$ 58,145	\$ 70,911
Additions	110,009	100,329	210,338
Balance, December 31, 2023 and March 31, 2024	\$ 122,775	\$ 158,474	\$ 281,249

Accumulated Depreciation	Equipment	Vehicles	Total
Balance, December 31, 2022	\$ 2,871	\$ 17,444	\$ 20,315
Depreciation for the year	20,265	42,309	62,574
Balance, December 31, 2023	23,136	59,753	82,889
Depreciation for the period	7,473	7,405	14,878
Balance, March 31, 2024	\$ 30,609	\$ 67,158	\$ 97,767

Carrying Value	Equipment	Vehicles	Total
Balance, December 31, 2023	\$ 99,639	\$ 98,721	\$ 198,360
Balance, March 31, 2024	\$ 92,166	\$ 91,316	\$ 183,482

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

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, 2022	116,009,804	\$ 107,274,620
Stock options exercised	32,000	11,412
Balance, March 31, 2023	116,041,804	\$ 107,286,032
Balance, December 31, 2023	116,492,304	\$ 107,538,079
Stock options exercised	2,349,500	1,227,800
Balance, March 31, 2024	118,841,804	\$ 108,765,879

5. Stock options

The Company has adopted an incentive stock option plan which provides that the board of directors of the Company may from time to time, in its discretion, grant to the directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The board of directors has discretion to the number, vesting period and expiry date of each option award.

The Company's stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2022	6,657,000	\$ 1.01
Exercised	(32,000)	0.25
Balance, March 31, 2023	6,625,000	\$ 1.01
Balance, December 31, 2023	6,589,000	\$ 1.26
Issued (i)	1,000,000	2.10
Exercised	(2,349,500)	0.26
Balance, March 31, 2024	5,239,500	\$ 1.86

During the three months ended March 31, 2024, the Company recognized share-based payments expense of \$948,347 (2023 - \$123,304) related to the stock options granted and vested.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

5. Stock options (continued)

(i) On January 25, 2024, the Company granted 1,000,000 stock options to directors, consultants and employees of the Company with exercise price of \$2.10 per share, expiring in 5 years. The options vest 1/2 immediately, 1/4 on January 25, 2025, and 1/4 on January 25, 2026. The stock options were assigned a grant date value of \$1,379,596 as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$2.05, expected dividend yield of 0%, expected volatility of 83%, risk-free rate of return of 3.52%, and an expected maturity of 5 years.

The following table reflects the stock options issued and outstanding as of March 31, 2024:

Fair value on grant date (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Exercisable options	Weighted average exercise price (\$)	Expiry date
117,852	0.63	350,000	350,000	0.40	November 15, 2024
708,702	1.18	1,300,000	1,300,000	0.66	June 4, 2025
84,538	1.86	100,000	100,000	1.00	February 8, 2026
354,609	2.13	1,300,000	1,300,000	0.20	May 19, 2026
1,775,575	2.84	450,000	450,000	5.38	January 31, 2027
1,484,966	2.99	325,000	325,000	6.75	March 28, 2027
991,558	4.06	349,500	116,500	4.25	April 21, 2028
57,616	4.18	25,000	12,500	3.39	June 5, 2028
80,936	4.27	40,000	13,333	3.10	July 6, 2028
1,379,596	4.82	1,000,000	500,000	2.10	January 25, 2029
7,035,948	2.57	5,239,500	4,467,333	1.86	

6. Restricted share units and deferred share units

The restricted share units ("RSUs") and deferred share units ("DSUs") plans are compensation programs designed to reward eligible participants for their services rendered to the Company. RSUs and DSUs are awarded at the discretion of the board of directors, with each unit representing the right to receive payment equivalent to the value of one common share of the Company, subject to specified conditions and restrictions. These conditions often include continued employment or engagement with the Company.

Unless otherwise set forth in the RSU Agreement and DSU Agreement, RSUs and DSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The Company has discretion to settle the vested RSUs and DSUs in the form of common shares, their cash equivalent, or a combination thereof. The RSU and DSU plans aim to align the interests of participants with the long-term performance and success of the Company while providing a mechanism for incentivizing and retaining key talent.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

6. Restricted share units and deferred share units (continued)

(a) Restricted share units

The Company's RSUs outstanding are as follows:

	Number of RSUs
Balance, December 31, 2022 and March 31, 2023	-
Balance, December 31, 2023	262,500
Granted (i)	522,000
Balance, March 31, 2024	784,500

During the three months ended March 31, 2024, the Company recognized share-based payments expense of \$280,786 (2023 - \$nil) related to the RSUs granted.

(i) On January 25, 2024, the Company granted 522,000 RSUs to directors and consultants of the Company under the terms of the Company's RSU Plan. The RSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The RSUs were assigned a grant date value of \$1,070,100 based on the prevailing market price on the grant date. No RSUs vested during the three months ended March 31, 2024.

(b) Deferred share units

The Company's DSUs outstanding are as follows:

	Number of DSUs
Balance, December 31, 2022, March 31, 2023 and December 31, 2023	-
Granted (i)	152,000
Balance, March 31, 2024	152,000

During the three months ended March 31, 2024, the Company recognized share-based payments expense of \$34,363 (2023 - \$nil) related to the DSUs granted.

(i) On January 25, 2024, the Company granted 152,000 DSUs to directors of the Company under the terms of the Company's DSU Plan. The DSUs vest 1/3 on the one year anniversary of the grant date, 1/3 on the two year anniversary of the grant date, and 1/3 on the third year anniversary of the grant date. The DSUs were assigned a grant date value of \$311,600 based on the prevailing market price on the grant date. No DSUs vested during the three months ended March 31, 2024.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

7. Exploration and evaluation expenditures

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Sugarloaf Peak Gold Project		
Concession fees and taxes	\$ 12,305	\$ 11,706
Consulting	-	23,695
	12,305	35,401
Kay Mine		
Acquisition cost	20,559	-
Concession fees and taxes	3,807	3,360
Legal fees	-	20,962
Consulting	101,758	474,615
Camp costs	16,479	194,863
Drilling	3,812,946	2,819,934
Assays	256,628	175,593
Storage	-	15,348
	4,212,177	3,704,675
Total exploration and evaluation expenditures	\$ 4,224,482	\$ 3,740,076

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, which was fully exercised.

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, 2024, the Company has provided aggregate of \$54,652 (December 31, 2023 - \$54,652) in deposits as security against potential future reclamation work related to the Sugarloaf Peak Gold Project.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

7. Exploration and evaluation expenditures (continued)

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:

- (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.

In August 2023, the Company entered into a purchase and sale agreement with an arm's length party to acquire 100% of a private land parcel, located northeast of its Kay Mine Project. The property includes the surface, mineral, and water rights, among other rights and benefits. The purchase price was \$3,422,174 (US\$2,500,000) and the purchase was completed in December 2023.

At March 31, 2024, the Company has provided aggregate of \$240,376 (December 31, 2023 - \$240,376) in deposits as security against potential future reclamation work related to the Kay Mine.

Arizona Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

Unaudited

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, 2024	Three Months Ended March 31, 2023
Salaries and benefits	\$ 295,669	\$ 240,302
Share-based payments	901,650	-
Professional fees	11,280	11,055
Legal fees	88,906	33,023
	\$ 1,297,505	\$ 284,380

As at March 31, 2024, \$nil (December 31, 2023 - \$350,000) was owed to officers and directors of the Company 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.

(b) Included in professional fees is \$11,280 (2023 - \$11,055) paid to Marrelli Support Services Inc. ("MSSI") for an employee of MSSI to act as the Chief Financial Officer ("CFO") of the Company and provide bookkeeping services.

(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, 2024, the Company incurred legal fees of \$88,906 (2023 - \$33,023) included in professional fees to this law firm.

9. 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 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 \$3,200,000 be made upon the occurrence of a change of control or \$1,600,000 upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The minimum amount due in one year pursuant to these contracts is \$800,000.