



Fighting Against Forced Labour and Child Labour in Supply Chains Report

For the year-ended December 31, 2023

Fighting Against Forced Labour and Child Labour in Supply Chains Report

Introduction

Arizona Sonoran Copper Company Inc. (“ASCU” or the “Company”) is committed to preventing and mitigating human rights impacts associated with the Company’s activities and contributing to the promotion of their broader societal respect and protection. The following details ASCU’s annual report on Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) for the year ended December 31, 2023. For the purposes of this report, the Corporate Entity is detailed as follows:

Details of the Corporate Entity

- **Reporting entity’s legal name:** Arizona Sonoran Copper Company Inc.

The principal subsidiaries of the Company, their activities, and their geographic locations as at December 31, 2023 were as follows:

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
Arizona Sonoran Copper Company (USA) Inc.	Delaware, United States	100%	Mineral exploration
Cactus 110 LLC	Delaware, United States	100%	Mineral exploration

These subsidiaries operate independently, and the parent company does not import any goods into Canada from the subsidiary companies. This report describes the actions that ASCU has taken to assess and manage the risks of forced and child labour. In this Report, unless otherwise stated, references to “ASCU” or the “Company”, and similar expressions include the subsidiaries noted above.

- **Financial reporting year:** January 1, 2023 – December 31, 2023
- **Identification of a revised report:** N/A
- **Business number(s):** 702459082RC0001
- **Identification of a joint report:** N/A
- **Identification of reporting obligations in other jurisdictions:** N/A
- **Entity categorization according to the Act:** Listed on a stock exchange in Canada
- **Sector/industry:** Mining, quarrying, and oil and gas extraction
- **Location:** Headquartered in Toronto, Ontario, Canada



○ **Structure, activities and supply chains:**

- The Company is an exploration and development stage mineral resource company engaged in the identification, acquisition, exploration, development and production of base metal properties in geographic regions known to have low geopolitical risk. At this time, the Company does not produce or import any goods into Canada.
- The Company was incorporated under the Business Corporations Act (British Columbia) (the "BCBCA") on April 3, 2019, under the name "Elim Mining Incorporated". On July 12, 2021, the Company changed its name from "Elim Mining Incorporated" to "Arizona Sonoran Copper Company Inc."
- On November 16, 2021, the Company completed the initial public offering and secondary offering of its common shares (the "Common Shares"). The Company became a reporting issuer in all provinces and territories of Canada, except for Québec on November 9, 2021. The Common Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ASCU". See "General Development of the Business – 2021 - Initial Public Offering". The Company also trades in the United States on the OTCQX Best Market (the "OTCQX") under the symbol "ASCUF".
- The Company's corporate office is located at 1545 Industrial Way, Sparks, Nevada, USA, 89431, its main operations office is located at 950 W Elliot Road, Suite 122, Tempe, Arizona, USA, 85284. The Company has its registered office at 666 Burrard Street, 2500 Park Place, Vancouver, British Columbia, V6C 2X8 and its Canadian head office at Simpson Tower, 401 Bay Street, Suite 2704, Box #4, Toronto, Ontario M5H 2Y4.

Steps the Company has taken to prevent and reduce risks of forced labour and child labour

The Company conducted an internal assessment in 2023 of risks of forced labour and/or child labour in the organization's activities and supply chains and noted the following:

- The Company's major contracts state that vendors will comply with all applicable laws.
- Risk of supply chains is considered to be low as they are primarily sourced in the US and parent company has no operations or imports into Canada from its subsidiaries.
- While the Company did not introduce specific policies on forced and child labour, the Company's Code of Business Conduct guide personnel to abide strictly by all federal and other laws. The Company aims to compile a supplier code of conduct and has updated its Code of Business Conduct to reference the Act for staff to mitigate any risks in the future.
- Management has reviewed the provisions of the Act with legal counsel to determine risks and training for staff to ensure ASCU personnel are explicitly aware of the provisions of the Act in its business dealing.



Additional information about the Company and its supply chains

- **Company policies in place and due diligence processes in relation to forced labour and child labour:**
 - The Company's policies cover a wide range of topics, including but not limited to business conduct and ethics, health and safety, diversity and inclusion, foreign corrupt practices, and other essential guidelines that contribute to a productive work environment as a public company. Our policies can be found on the Company website at: <https://arizonasonoran.com/about-us/governance/>
 - Our Code of Business Conduct and Ethics (the "Code of Conduct") sets out standards of behaviour expected by all directors, officers, employees, consultants and contractors of ASCU and its subsidiaries, in conducting the business and affairs of the Company. The Company incorporates its policy on Forced and/or Child Labour into the Company's Code of Business Conduct, it ensures that personnel do not conduct business with entities who employ forced and/or child labour in their supply chains. (see policy [here](#))
 - The Company's Environmental, Social and Governance ("ESG") framework of Responsible Mining is committed to operating with integrity, in compliance with applicable regulatory requirements including an ethical work environment respecting the communities we operate in to minimize the environmental impact of our business activities and respect human rights. (see framework details [here](#))
 - Our Whistleblower Policy establishes procedures for making and managing reports where ASCU operates. The policy applies to the Company's directors, officers, employees. The policy explicitly includes the prohibition of retaliation. (see policy [here](#))
 - Our Diversity and Inclusion Policy reflects the Company's ongoing commitment to promoting diversity and demonstrate the Company's commitment to diversity within the organization, and its commitment to fostering an inclusive culture based on merit and free of conscious or unconscious bias. (see policy [here](#))
- **Risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk:**
 - The supply chain is primarily focused on North American supplied products, and specifically products produced within the United States. At this time, the Company does not produce or import any goods into Canada.
- **Measures taken to remediate any forced labour or child labour:**
 - The entity has not had any incidents where remediation was necessary.



- **Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains:**
 - The entity has not had any incidents where remediation was necessary.
- **Training provided to employees on forced labour and child labour:**
 - The entity is currently reviewing training opportunities for its personnel outside of its commitments by virtue of its Code of Business Conduct.
- **Assessment of effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains:**
 - The Company is developing measures and a checklist to assess the effectiveness of measures taken to ensure that forced labour and child labour are not being used in its business and supply chains.
- **Other Company actions related to human rights due diligence, environmental, social and governance (ESG)**
 - The Company has developed an ESG framework to guide its activities within the community where it operates the Cactus Project, including metrics to respect human rights and laws. (see framework details [here](#))

Approval

This annual report on the Act has been reviewed and approved by the Company's Board of Directors on May 24, 2024.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: George Ogilvie
Title: President and Chief Executive Officer
Date: May 24, 2024

Signature: /s/George Ogilvie

I have the authority to bind Arizona Sonoran Copper Company Inc.