

ARIZONA SONORAN COPPER COMPANY INC.

BOARD OF DIRECTORS CHARTER

Adopted by the Board of Directors on June 21, 2021.

1. PURPOSE

The Board of Directors (the “**Board**”) of Arizona Sonoran Copper Company Inc. (the “**Company**”) has the responsibility for the stewardship of the Company, the supervision of senior management of the Company and to oversee the general affairs and conduct of the business of the Company. The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, ensure that the Company meets its obligations on an ongoing basis and that the Company operates in a reliable, sustainable, safe and socially responsible manner. In performing its functions, the Board should also consider the legitimate interests of its other stakeholders, such as employees, customers and communities. The Board should conduct the procedures, and manage the responsibilities and obligations set out below, either directly or through committees of the Board.

2. COMPOSITION

2.1 Authority

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs, including selecting the chair of the Board (“**Chair**”), nominating candidates for election to the Board, constituting committees of the full Board and determining compensation of the directors of the Company (“**Directors**”).

Subject to the Company’s constating documents and the *Business Corporations Act* (British Columbia) (“**BCBCA**”), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

2.2 Members

Directors are elected annually at the Company’s annual meeting of shareholders and must meet the requirements of applicable corporate laws and securities laws, instruments, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada, and stock exchanges on which the Company’s securities will be listed, including the Toronto Stock Exchange (collectively, the “**Securities Laws**”). The majority of the Directors and the Chair shall be independent as determined by Securities Laws.

2.3 Majority Voting Policy

Each Director must be elected by a majority (50% +1 vote) of the votes cast with respect to his or her election other than at contested meeting. If a Director is not elected by at least a majority (50% +1 vote) of the votes cast with respect to his or her election, such Director must immediately tender his or her resignation to the Board. The Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant security holders' meeting. The Board shall accept the resignation absent exceptional circumstances and the resignation will be effective when so accepted by the Board. The Board shall promptly issue a press release to announce its decision, a copy of which shall be provided to the Toronto Stock Exchange. If the Board declines to accept the resignation, it should include in the press release the reasons for its decision. A Director who tenders a resignation pursuant to this provision will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered. If a resignation is accepted, the Board may, in accordance with the BCBCA and the Company's articles, appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board.

3. MEETINGS AND PROCEDURES

3.1 Meetings

The Board shall meet at least four times per year and may also hold additional meetings as considered necessary.

3.2 Independent Meetings

The independent Directors shall hold regularly scheduled meetings, without the non-independent Directors and officers present, at least once per annum or as required at each meeting of the Board.

3.3 Quorum

Quorum for the transaction of business at any meeting of the Board shall be as set out in the articles of the Company in effect at the time.

3.4 Notice

Board meetings shall be held from time to time and at such place as any member of the Board shall determine with not be less than twenty-four (24) hours advanced notice. The notice period may be waived by the Director or as provided in the Articles of the Company. Any member of the Board may call a meeting.

3.5 Participation

Members may participate in a meeting of the Board in person or by means of telephone, web conference or other communication equipment. The Board may invite such officers and

employees of the Company and such other advisors and persons as is considered advisable to attend any meeting of the Board. For greater certainty, the Board shall have the right to determine who shall and who shall not be present at any time during a meeting of the Board.

3.6 Agenda and Minutes

The Chair, with the assistance of the Corporate Secretary, shall develop and set the Board's agenda, in consultation with other members of the Board and management. The agenda and information concerning the business to be conducted at each Board meeting shall be, to the extent practical, communicated to members of the Board sufficiently in advance of each meeting to permit meaningful review. The Board will keep minutes of its meetings.

3.7 Voting

Any matter to be determined by the Board shall be decided by a majority of the votes cast at a meeting of the Board called for such purpose. Any action of the Board may also be taken by written resolution signed by all of Board members, in accordance with the Articles of the Company, and any such action shall be as effective as if it had been decided by a majority of the votes cast at a Board meeting.

3.8 Assessment of Charter

The Governance and Nominating Committee will annually review this charter and submit any recommended changes to the Board for approval.

4. BOARD CHAIR

4.1 Appointment of Chair

The Chair shall be appointed annually by the Board and shall have such skills and abilities appropriate to the appointment of Chair as shall be determined by the Board. The Chair shall be a duly elected member of the Board and shall, unless otherwise considered desirable and approved by the Board, be independent as defined under Securities Laws. Where a vacancy occurs at any time in the position of Chair, it shall be filled by the Board. The Board may remove and replace the Chair at any time.

4.2 Outside Consultants or Advisors

The Chair, when he or she considers it necessary or desirable, may retain, at the Company's expense, outside consultants or advisors to advise the Chair or the Board independently on any matter. The Chair shall have the authority to retain and terminate any such consultants or advisors, including authority to review the fees and other retention terms of such persons.

4.3 Duties

The Chair is accountable to the Board and shall have the duties of a member of the Board as set out in Applicable Laws. The Chair is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by Applicable Laws and as set out in these terms of reference. In particular, the Chair shall:

- 4.3.1 organize the Board to function independently of management;
- 4.3.2 promote ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance;
- 4.3.3 ensure the Board has the opportunity to meet without members of management present on a regular basis;
- 4.3.4 determine, in consultation with the Board and management, the time and places of the meetings of the Board and of the annual meeting of shareholders;
- 4.3.5 manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;
- 4.3.6 co-ordinate with management and the Corporate Secretary to ensure that matters to be considered by the Board are properly presented and given the appropriate opportunity for discussion;
- 4.3.7 provide advice, counsel and mentorship to other members of the Board, the Chief Executive Officer of the Company ("**CEO**") and other senior officers;
- 4.3.8 preside as chair of each meeting of the Board;
- 4.3.9 preside as chair of each meeting of the shareholders of the Company;
- 4.3.10 communicate with all members of the Board to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board and its committees as well as to keep members up to date on all major developments concerning the Company; and
- 4.3.11 ensure the Company, and where appropriate the Board, is adequately represented at official functions and meetings with major shareholder groups, other stakeholders, financial analysts, media and the investment community.

5. DUTIES AND RESPONSIBILITIES

The Board's principal duties and responsibilities fall into a number of categories, which are outlined below.

5.1 Legal Requirements

- 5.1.1 The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained; and
- 5.1.2 The Board has the statutory responsibility to:
 - (a) supervise the management of the business and affairs of the Company;
 - (b) act honestly and in good faith with a view to the best interests of the Company;
 - (c) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (d) act in accordance with its obligations contained in the BCBCA and the regulations thereto, the Company's constating documents, Securities Laws and other applicable laws and regulations (collectively, "**Applicable Laws**").

5.2 Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management, including having a majority of directors who are "independent" as defined by National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**") and under applicable stock exchange requirements. The Board, in consultation with the Governance and Nominating Committee will, at least annually, review the relationship of each Director to determine if each Director is or remains "independent" within the meaning of NI 58-101 and applicable stock exchange requirements. In addition, the independent Directors shall hold an in camera session without the presence of management or any non-independent Directors at each meeting. In determining the independence of any member of the Board, the Board will consider all relevant factors, including any relationship a Director has with the Company, its management, its shareholders and other direct or indirect material relationships which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Board member's independent judgment.

5.3 Strategy Determination

The Board has the responsibility to:

- 5.3.1 participate with management, in the development of, and ultimately approve, the Company's strategic plan, taking into account, among other things, the opportunities and risks of the Company's business and long term sustainability;
- 5.3.2 approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- 5.3.3 approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- 5.3.4 approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- 5.3.5 approve material divestitures and acquisitions;
- 5.3.6 monitor the Company's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- 5.3.7 conduct periodic reviews of human, technological and capital resources required to implement the Company's strategy and the regulatory, cultural or governmental constraints on the business; and
- 5.3.8 review, at every regularly scheduled Board meeting if feasible, recent developments that may affect the Company's strategy, and advise management on emerging trends and issues.

5.4 Financial and Corporate Issues

The Board has the responsibility to:

- 5.4.1 primarily through the Audit Committee, take reasonable steps to ensure the integrity and effectiveness of the Company's internal controls and management information systems, including the evaluation and assessment of information provided by management and others (e.g., internal and external auditors) about the integrity and effectiveness of the Company's internal controls and management information systems;
- 5.4.2 review operating and financial performance relative to budgets and objectives;
- 5.4.3 with the Audit Committee, review and approve the interim and annual financial statements and notes thereto, management's discussion &

analysis of financial condition and results of operations, the annual information form and the management information circular;

- 5.4.4 approve the delegation of financial authority for budgeted and unbudgeted expenditures to the CEO;
- 5.4.5 upon recommendation by the Audit Committee and subject to confirmation by the shareholders of the Company at each annual meeting, appoint the external auditor for the Company and upon recommendation by the Audit Committee, to approve the auditor's fees for audit and interim review services;
- 5.4.6 consider, and if established, review from time to time, and approve of a dividend and any dividend policy of the Company; and
- 5.4.7 approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Company.

5.5 Managing Risk

The Board has the responsibility to:

- 5.5.1 understand the principal risks of the business in which the Company is engaged;
- 5.5.2 achieve a proper balance between risks incurred and the potential return to shareholders;
- 5.5.3 ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company; and
- 5.5.4 be responsible for the Company risk management processes including:
 - (a) reviewing the Company's risk register and enterprise risk management framework;
 - (b) receiving reports from management and other Board committees, including without limitation the Audit Committee, and the Sustainability Committee, on the identification, assessment and management of new material risks; and
 - (c) reviewing major risk exposures and the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting such exposures.

5.6 Culture & Sustainability

The Board has the responsibility to promote a culture of integrity, ethical leadership, diversity, inclusion and sustainability within the Company, including to oversee the Company's overall human resources strategy and the Company's strategy and practices relating to sustainability (including health, safety, environmental and corporate social responsibility) matters.

5.7 Appointment, Training and Monitoring Senior Management

The Board has the responsibility to:

- 5.7.1 appoint the CEO, monitor and assess CEO performance against corporate and personal goals and objectives, determine compensation for the CEO, considering the recommendations of the Governance and Nominating and Compensation Committees, and provide advice and counsel in the execution of the CEO's duties;
- 5.7.2 annually consider what additional skills and competencies would be helpful to senior management and the Board, with the Governance and Nominating Committee and the Compensation Committee (having received input from the Board) being responsible for identifying specific candidates for consideration for appointment to management and / or the Board;
- 5.7.3 approve certain decisions relating to senior officers, including:
 - (a) the appointment and discharge of senior officers;
 - (b) compensation and benefits for senior officers;
 - (c) acceptance by the CEO of any outside directorships on public companies or any significant public service commitments; and
 - (d) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers;
 - (e) ensure that adequate provision has been made to train and develop management and for the orderly succession of the CEO and the other senior officers; and
 - (f) to the extent possible, satisfy itself as to the integrity of the CEO and other senior officers and satisfy itself that the CEO and other senior officers are creating a culture of integrity throughout the Company.

5.8 Policies, Procedures and Compliance

The Board has the responsibility to:

- 5.8.1 ensure that the Company operates at all times within Applicable Laws and to the highest ethical and moral standards;
- 5.8.2 approve and monitor compliance with significant policies and procedures by which the Company is operated;
- 5.8.3 ensure the Company sets high environmental and community relations standards in its operations and is in compliance with environmental laws and legislation;
- 5.8.4 ensure the Company has in place appropriate programs and policies for the health, safety and security of its employees in the workplace; and
- 5.8.5 review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

5.9 Governance

The Board has the responsibility to:

- 5.9.1 appoint Board committees and delegate to those committees any appropriate powers of the Board;
- 5.9.2 review the size and composition required of the Board and approve nominations for candidates for election to the Board, with a view to ensuring that the Board is comprised of Directors with the necessary skills, experience and other qualities such as independence and diversity to facilitate effective decision-making;
- 5.9.3 develop the Company's approach to corporate governance;
- 5.9.4 ensure the establishment and compliance of appropriate standard of corporate conduct, adopt a code of business conduct and ethics for all employees, including senior officers, and shall ensure that procedures are in place to monitor compliance with such code; and
- 5.9.5 review annually its charter and its performance and the performance of the Board committees, the Chair and the chairs of the committees to ensure that the Board and the committees are operating effectively.

5.10 Reporting and Communication

The Board has the responsibility to:

- 5.10.1 adopt a communication or disclosure policy for the Company and ensure that the Company has in place effective communication processes with shareholders and other stakeholders (including measures to enable stakeholders to communicate with the independent Directors of the Board) and with financial, regulatory and other institutions and agencies;
- 5.10.2 ensure that the financial performance of the Company is accurately reported to shareholders, other security holders and regulators on a timely and regular basis in accordance with Applicable Laws;
- 5.10.3 ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles and Applicable Laws;
- 5.10.4 ensure the timely reporting of any other developments that have a significant and material impact on the value of the Company;
- 5.10.5 approve the content of the Company's major communications to shareholders and the investing public, including the interim and annual financial statements and management's discussion and analysis, the management information circular (including the compensation, discussion and analysis and disclosure of corporate governance practices), the annual information form, any prospectuses that may be issued, and any significant information respecting the Company contained in any documents incorporated by reference in any such prospectuses; and
- 5.10.6 report to shareholders on its stewardship of the affairs of the Company for the preceding year.

6. INDIVIDUAL DIRECTORS

6.1 Each Director:

- 6.1.1 shall act honestly and in good faith in the best interests of the Company and its shareholders; and
- 6.1.2 must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.2 Responsibilities of Corporate Stewardship

Each Director has the responsibility to:

- 6.2.1 represent the best interests of the Company and its shareholders, assist in the maximization of shareholder value and work towards the long-term success of the Company;
- 6.2.2 advance the interests of the Company and the effectiveness of the Board by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Company;
- 6.2.3 provide constructive counsel to and oversight of management;
- 6.2.4 respect the confidentiality of information and matters pertaining to the Company;
- 6.2.5 maintain his or her independence, generally and as defined under Applicable Laws;
- 6.2.6 be available as a resource to the Board; and
- 6.2.7 fulfill the legal requirements and obligations of a director and develop a comprehensive understanding of the statutory and fiduciary roles of a director.

6.3 Responsibilities of Integrity and Loyalty

Each Director has the responsibility to:

- 6.3.1 comply with the Company's governance policies;
- 6.3.2 disclose to the Corporate Secretary, prior to the beginning of his or her service on the Board, and thereafter as they arise, all actual and potential conflicts of interest; and
- 6.3.3 disclose to the Chair, in advance of any Board vote or discussion, if the Board or a committee of the Board is deliberating on a matter that may affect the Director's interests or relationships outside the Company and abstain from discussion and/or voting on such matter as determined to be appropriate.

6.4 Responsibilities of Diligence

Each Director has the responsibility to:

- 6.4.1 prepare for each Board and committee meeting by reading the reports, minutes and background materials provided for the meeting;

- 6.4.2 attend in person the annual meeting of the Company and attend all meetings of the Board and all meetings of the committees of the Board of which the Director is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other; and
- 6.4.3 as necessary and appropriate, communicate with the Chair and with the President and CEO between meetings, including to provide advance notice of the Director's intention to introduce significant and previously unknown information at a Board meeting.

6.5 Responsibilities of Effective Communication

Each Director has the responsibility to:

- 6.5.1 participate fully and frankly in the deliberations and discussions of the Board;
- 6.5.2 encourage free and open discussion of the Company's affairs by the Board;
- 6.5.3 establish an effective, independent and respected presence and a collegial relationship with other Directors;
- 6.5.4 focus inquiries on issues related to strategy, policy, and results;
- 6.5.5 respect the CEO's role as the chief spokesperson for the Company and participate in external communications only at the request of, with the approval of, and in coordination with, the Chair and the CEO;
- 6.5.6 communicate with the Chair and other Directors between meetings when appropriate;
- 6.5.7 maintain an inquisitive attitude and strive to raise questions in an appropriate manner and at proper times; and
- 6.5.8 think, speak and act in a reasoned, independent manner.

6.6 Responsibilities of Committee Work

Each Director has the responsibility to:

- 6.6.1 participate on committees and become knowledgeable about the purpose and goals of each committee; and
- 6.6.2 understand the process of committee work and the role of management and staff supporting the committee.

6.7 Responsibilities of Knowledge Acquisition

Each Director has the responsibility to:

- 6.7.1 become generally knowledgeable about the Company's business and its industry;
- 6.7.2 participate in Director orientation and education programs developed by the Company or other relevant organizations from time to time;
- 6.7.3 maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- 6.7.4 become acquainted with the senior officers and key management personnel; and
- 6.7.5 gain and update his or her knowledge about how the Company's facilities are operated and any related health, safety, security, environmental, community relations and social matters relating thereto by visiting such facilities when appropriate.

7. LEAD DIRECTOR

7.1 Appointment

The Board will appoint a Lead Director in circumstances in which the Chair is not considered independent under Applicable Laws in order to provide independent leadership, as required, to the Board and for the other purposes set forth below.

If a Lead Director is required, the Governance and Nominating Committee will recommend a candidate for the position of Lead Director from amongst the independent members of the Board. The Board will be responsible for appointing the Lead Director and approving the Lead Director's remuneration.

7.2 Duties

The Lead Director, if any, will serve at the pleasure of the Board. The Lead Director, if any, will provide as required, independent leadership to the Board and will facilitate as required the functioning of the Board independently of the senior officers and the Chair. The Lead Director, if any, will:

- 7.2.1 in the absence of the Chair, act as chair of meetings of the Board;
- 7.2.2 review with the Chair and the CEO matters for presentation to the Board;

- 7.2.3 consult and meet with any or all of the other independent directors, at the request of any of them and with or without the attendance of the Chair and senior management, and represent such directors in discussions with the senior officers and Chair concerning corporate governance and other matters;
- 7.2.4 together with the Chair and the CEO, ensure that all required matters are presented to the Board, such that the Board is able to supervise the management of the business and affairs of the Company; and
- 7.2.5 together with the Chair and the Chair of the Governance and Nominating Committee, ensure that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their obligations under the approach to corporate governance established by the Board from time to time.

8. COMMITTEE CHAIRS

8.1 Appointment

The chair of each Committee ("**Committee Chair**") shall be appointed annually by the Board. Each Committee Chair shall be a duly elected member of the Board and independent as determined pursuant to Securities Laws. Where a vacancy occurs at any time in the position of a Committee Chair, it shall be filled by the Board. The Board may remove and replace a Committee Chair at any time.

8.2 Duties

Each Committee Chair shall lead and oversee the Committee to ensure it fulfills its mandate as set out in its terms of reference. In particular, each Committee Chair shall:

- 8.2.1 organize the Committee to function independently of management;
- 8.2.2 ensure that the Committee has an opportunity to meet without members of management present at regular intervals;
- 8.2.3 determine, in consultation with the Committee and management, the time and places of the meetings of the Committee;
- 8.2.4 manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively and meets its obligations and responsibilities;
- 8.2.5 co-ordinate with management and the secretary to the Committee to ensure that matters to be considered by the Committee are properly presented and given the appropriate opportunity for discussion;

- 8.2.6 provide advice and counsel to the CEO and other senior officers in the areas covered by the Committee's mandate;
- 8.2.7 preside as chair of each meeting of the Committee; and
- 8.2.8 communicate with all members of the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

9. OUTSIDE CONSULTANTS OR ADVISORS

At the Company's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve a consultant's or advisor's fees and other retention terms.