

Copper Fox Metals Inc. (CUU)

Recent LOIs Demonstrate Continued Support for Van Dyke

Event

Copper Fox Metals provided a year-end update for developments at the flagship Van Dyke ISR Copper project, located in Arizona. Of note was that key Letters of Intent (LOI) were recently signed with the Tri-City Regional Sanitary District (TRSD) and with the Town of Miami. The LOIs provide a framework for securing the crucial components and agreements needed for project advancement and eventual production.

Details

- **LOIs Signal Project Confidence & Support** – The LOIs signed with the TRSD envisions providing the Van Dyke project with 50,000 gallons per day of industrial water from its facility currently scheduled for completion in Q1/2027. The LOI with the Town of Miami contemplates the Town taking the Gila conglomerate (a locally occurring sedimentary rock that is commonly used for road construction purposes), excavated from the proposed access to the Van Dyke deposit for road maintenance and other construction purposes.
- **Van Dyke Pathway to the PFS Stage** – Following a 2020 PEA, management recently updated plans to follow various recommendations laid out in the PFS Execution Plan for Van Dyke. Potentially locating additional hydrogeological monitoring and water sampling stations would support in the development for updated hydrogeological models which would be used to better predict solution flows and potentially projected copper recoveries during the leaching process. Work is underway to update the previous PEA.
- **Positive Tailwinds Given Teck-Anglo Merger Momentum** – Shares have advanced by +55% over the last week on back of Canadian regulatory approval for the \$53B, Teck Resources-Anglo American mega-merger which also received shareholder approval earlier in December. The combined company has pledged to invest \$3.2B in Canada over the next 5 years. With over \$100M already invested by Teck in the project, the Schaft Creek JV (75% Teck, 25% Copper Fox, located in BC's Golden Triangle) represents one of Teck's most promising, large-scale polymetallic (copper-gold-molybdenum) projects.

Conclusion

Copper Fox is ending the year with clear momentum and with concrete development milestones affecting both flagship assets. With a clear path to a Van Dyke PFS decision, management has been implementing the needed steps to update the 2020 PEA with both cost containment and operational efficiency at the forefront. The recently announced LOIs signal that the Van Dyke project is seen as a win-win for both the Town of Miami and for related infrastructure projects in the periphery. Following last week's +44% share price jump given Canadian regulatory approval for the Teck-Anglo mega merger, given the most recent close (December 19), shares of Copper Fox currently trade at a 0.23x P/NAV valuation, or at C\$0.02 per booked CuEq lbs. We maintain our C\$0.60 per share price objective. The full online details can be found [here](#):

Company Profile

Sector	Mining		
Sub-Sector	Copper		
Ticker	CUU		
Ticker	CPFXF		
Current Price (\$)	C\$0.55		
12-Mth Price Objective (\$)	C\$0.60		
Potential Upside	+9%		
Mkt Cap, Basic (\$M)	\$319.9M		
Mkt Cap, FD (\$M)	\$321.8M		
EV (\$M)	\$321.1M		
Shares O/S Basic (M)	575.1M		
1-Mth Return	+48.7%		
3-Mth Return	+57.1%		
YTD Return	+120.0%		
HCM Estimates:			
Van Dyke	2029e	2030e	2031e
Cu Production lbs '000	2,000	55,000	85,662

LOM Production lbs	1,050M
LOM avg. C1 cost\$/lb	\$1.58
LOM avg. AISC\$/lb	\$1.74

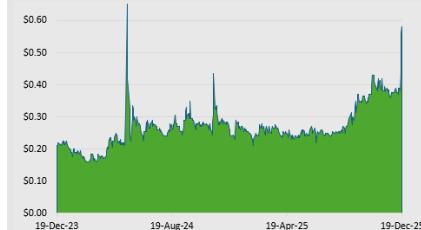
Cu - M&I	Tons (Mt)	M lbs
Van Dyke	97.6	717
Schaft Creek	1,345.5	7,760

Cu - Inferred	Tons (Mt)	M lbs
Van Dyke	168.0	1,007
Schaft Creek	343.6	1,300

Company Description

Copper Fox Metals is a TSX and OTCQX listed copper company advancing the wholly-owned Van Dyke (Arizona) ISR and Schaft Creek (BC) projects. Van Dyke is a PEA level project with an estimated 17 year LOM producing ~1.10B lbs of copper (total) at an average C1 cost of \$0.86 per lb or AISC of \$1.14 per lb. Schaft Creek (75% Teck) is a large scale copper porphyry project located in BC.

2-Year Stock Chart



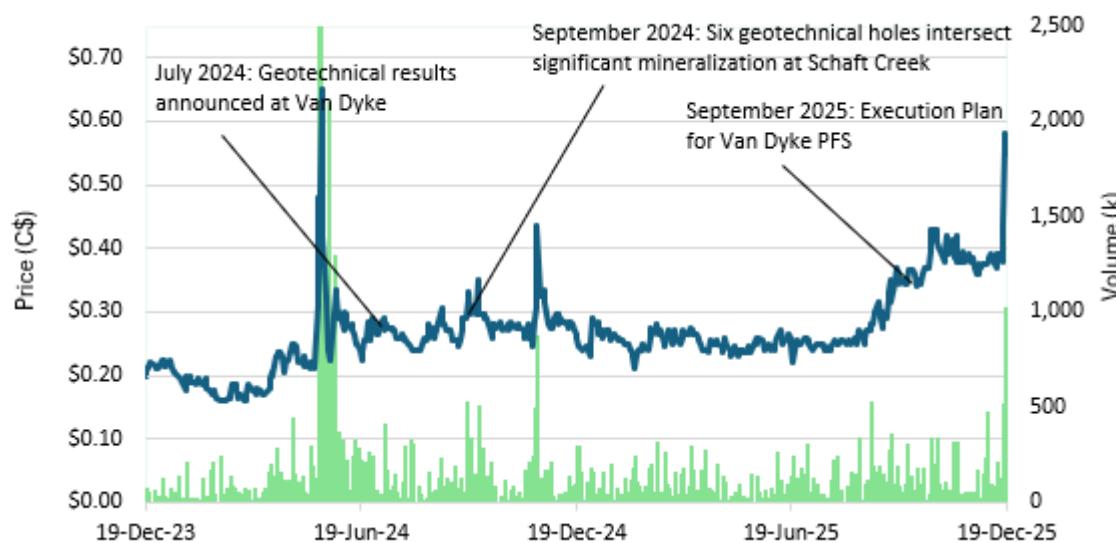
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RECENT LOIs SIGNAL VAN DYKE AS A WIN-WIN PROJECT

Copper Fox Metals provided a year-end update for developments at the flagship Van Dyke ISR Copper project, located in Arizona. Of note was that key Letters of Intent (LOI) were recently signed with the Tri-City Regional Sanitary District (TRSD) and with the Town of Miami. The LOIs provide a framework for securing the crucial components and agreements needed for project advancement and eventual production. These framework agreements signal that the project has both community and commercial support. Just as importantly, the agreements are seen as beneficial to all parties involved.

Exhibit 1. Two-Year Share Price Performance



Source: HoldCo Markets Inc.

The LOIs signed with the TRSD envisions providing the Van Dyke project with 50,000 gallons per day of industrial water from its facility which is currently scheduled for completion in Q1/2027. The purchase and use of water will be critical to the leaching process necessary for operations at Van Dyke. As a nod to the win-win nature of the LOI, the President and CEO of TRSD stated that “We are pleased to support advancing the Van Dyke project by providing much needed industrial water for leaching purposes. The successful completion of our facility combined with the expectation that the Van Dyke project reaches production is mutually beneficial to both parties.”

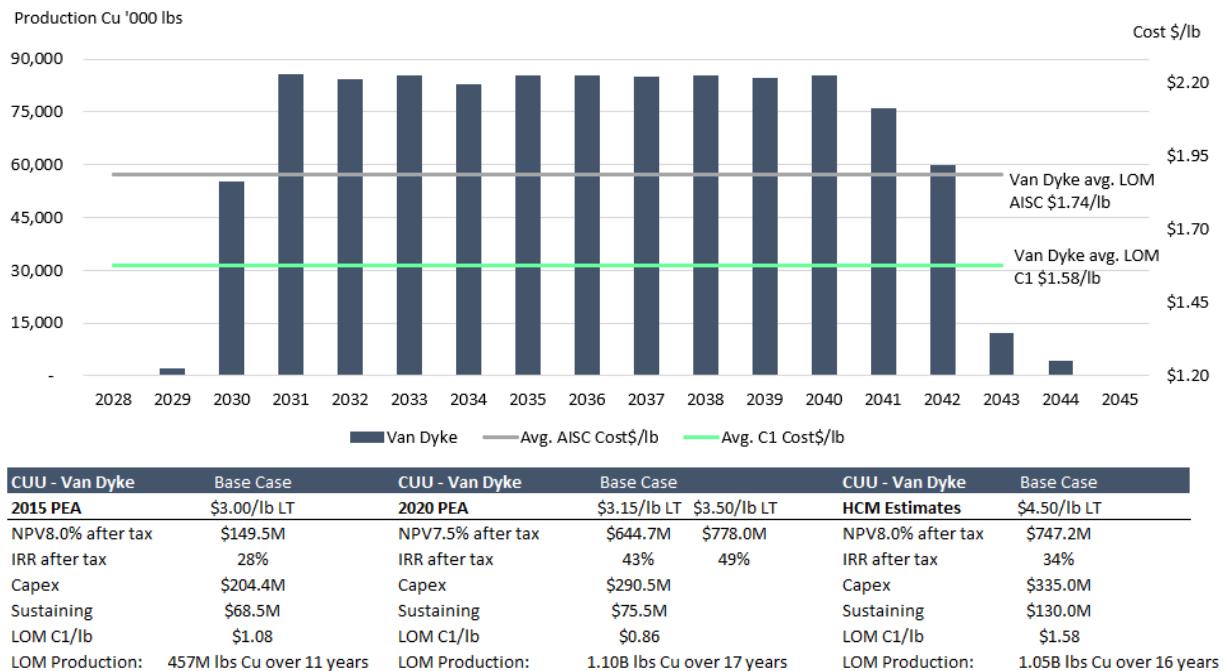
The LOI with the Town of Miami contemplates the Town taking the Gila conglomerate (a locally occurring sedimentary rock that is commonly used for road construction purposes), excavated from the proposed access to the Van Dyke deposit for road maintenance and other construction purposes. Note that the removal of this material from the site potentially reduces the project’s infrastructure and environmental footprint by eliminating the waste rock storage facility and associated capital costs contemplated in the 2020 PEA. Given that the Van Dyke project is estimated to support as much as 500 jobs in the Miami-Globe area, this LOI was also seen as mutually beneficial over the long term.

VAN DYKE: ON THE PATHWAY TO A PFS LEVEL COPPER PROJECT

Following a 2020 PEA, management recently updated plans to follow various recommendations laid out in the PFS Execution Plan for Van Dyke. Potentially locating additional hydrogeological monitoring and water sampling stations would support in the development for updated hydrogeological models which would be used to better predict solution flows and potentially projected copper recoveries during the leaching process. Much technical progress has been achieved since the 2020 PEA, among others:

- Establishment of four hydrogeological monitoring stations and initiated water quality sampling in accordance with Federal and State regulatory requirements.
- Updated conceptual hydrogeological, geometallurgical, geological, structural, and mineralogical models for the deposit.
- Preliminary characterization of the copper mineralogy in the oxide and transition mineralogical domains within the deposit.
- Preliminary characterization of the copper mineralization, gangue, and host rock to mitigate potential operating issues during the leaching process.
- Geotechnical study to determine rock strength and geotechnical characteristics of the Gila Conglomerate.
- Infrastructure reviews to minimize environmental and social disturbance.
- An Execution Plan outlining expected activities, estimated costs, timeline and permitting process to achieve a PFS level technical report.

As per our estimates for Van Dyke, we acknowledge the inflationary environment which certainly since the 2020 PEA has increased materially. Cost inflation since the 2020 PEA will certainly impact everything from labor to procurement of materials to contracting. Its worth noting that using Taseko's Florence ISR project as a guide (a Technical Report was published in 2023), we've seen that as construction has progressed, costs have been relatively accurate while timelines have not shifted all that much - initial ISR production from Florence is expected in early 2026. That said, we model a 16 year LOM operation at Van Dyke with a total of 1.05B lbs of copper being produced (average of 66M lbs Cu per year with peak production near 85M lbs per year). As per economics, we use a \$4.50 per lb LT copper price and a \$1.58 per lb C1 cash cost. Ultimately, estimating initial capex at \$335M we calculate an after-tax NPV8% of \$747.2M and an after-tax IRR of 34.6%.

Exhibit 2. Van Dyke Historic PEA Estimates & HCM Production/Economic Estimates


Source: Copper Fox Metals Inc., HoldCo Markets Inc. estimates

POSITIVE TAILWINDS FROM THE TECK-ANGLO MERGER

Shares have advanced by +55% over the last week on back of Canadian regulatory approval for the \$53B, Teck Resources-Anglo American mega-merger which has also received shareholder approval earlier in December. The combined company has pledged to invest \$3.2B in Canada over the next 5 years. With over \$100M already invested by Teck in the project, the Schaft Creek JV (75% Teck, 25% Copper Fox, located in BC's Golden Triangle) represents one of Teck's most promising, large-scale polymetallic (copper-gold-molybdenum) projects.

CONCLUSION & VALUATION

We're glad to see that work is advancing simultaneously on all portfolio projects as management has previously emphasized a systematic approach for each, in an effort to advance and de-risk, while also in an effort to allocate capital efficiently. The recently announced LOIs signal that Van Dyke has broad support from both the community and from commercial partners. Given the most recent close (December 19), shares of Copper Fox currently trade at a 0.23x P/NAV valuation, or at C\$0.02 per booked CuEq lbs. We maintain our C\$0.60 per share price objective.

Exhibit 3. NAV, Sensitivities and Valuation

	Discount	Value (C\$M)	\$ Per Share	% of NAV
Van Dyke (100%)	8.0%	\$1,039.2	\$1.81	76%
Schaft Creek (25%)	2021 PEA*	\$294.7	\$0.51	22%
Other Assets (Sombrero Butte, Eaglehead, MM)		\$30.0	\$0.05	2%
Total Mining Assets		\$1,363.9	\$2.37	100%
Cash & ST Investments	Q3/2025	\$0.7	\$0.00	0%
Current Debt	Q3/2025	-\$0.6	\$0.00	0%
LT Debt	Q3/2025	-\$0.7	\$0.00	0%
		<u>-\$0.6</u>	<u>\$0.00</u>	
Net Asset Value		\$1,363.3	\$2.37	
P/NAV			0.23x	
Current Share Price			\$0.55	
Price Objective (0.25x NAV ^{8%})			\$0.60	
\$USD/\$CAD		\$1.40		

* \$3.25/lb copper & \$1,500/oz gold, NPV8%

Pre-Tax VanDyke Contribution to NAVPS:					Post-Tax VanDyke Contribution to NAVPS:						
	\$3.50	\$4.00	\$4.50	\$5.00	\$5.50		\$3.50	\$4.00	\$4.50	\$5.00	\$5.50
6%	\$1.59	\$2.26	\$2.93	\$3.60	\$4.27	6%	\$1.29	\$1.78	\$2.28	\$2.77	\$3.27
7%	\$1.40	\$2.01	\$2.62	\$3.22	\$3.83	7%	\$1.13	\$1.58	\$2.03	\$2.48	\$2.93
8%	\$1.23	\$1.79	\$2.34	\$2.89	\$3.44	8%	\$0.99	\$1.40	\$1.81	\$2.22	\$2.63
9%	\$1.09	\$1.59	\$2.09	\$2.60	\$3.10	9%	\$0.86	\$1.24	\$1.61	\$1.98	\$2.36
10%	\$0.95	\$1.41	\$1.87	\$2.33	\$2.79	10%	\$0.75	\$1.09	\$1.44	\$1.78	\$2.12

Source: HoldCo Markets Inc.

Shares of Copper Fox currently trade at attractive levels versus peers: at a 0.23x P/NAV valuation and at an EV of C\$0.02 per booked CuEq lbs. Given the recent share price appreciation, our price objective equates to upside of +9% from the most recent close (December 19). We maintain our C\$0.60 per share price objective. For more specific information on all the company assets, refer to our June 18, 2025 initiation of coverage piece.

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