



SANDFIRE RESOURCES AMERICA INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

September 30, 2023 AND 2022

SANDFIRE RESOURCES AMERICA INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

November 10, 2023

SANDFIRE RESOURCES AMERICA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 AND JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2023	June 30, 2023
ASSETS		
Current		
Cash	\$ 657,357	\$ 119,302
Prepaid expenses and other assets (Note 12)	650,608	623,160
Total current assets	1,307,965	742,462
Non-current		
Property and equipment (Note 5)	11,756,409	11,136,545
Resource properties (Note 6)	10,037,271	9,473,219
Right of use assets	83,245	85,055
Reclamation bond (Note 6 (v))	602,238	587,360
Prepaid mining property tax (Note 6 (vi))	593,489	578,827
Total assets	\$ 24,380,617	\$ 22,603,468
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7 & 12)	\$ 980,609	\$ 1,229,491
Lease liabilities – current portion	34,847	15,318
Other liabilities	122,995	175,000
Interest payable – related party (Note 9)	1,370,506	985,395
Loans payable – related party, net of discount (Note 9)	30,134,843	25,529,616
Total current liabilities	32,643,800	27,934,820
Long-term		
Lease liabilities	52,903	69,325
Accrued reclamation and remediation (Note 8)	2,832,522	2,735,180
Total liabilities	35,529,225	30,739,325
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	140,084,649	140,084,649
Contributed surplus	5,002,899	4,737,956
Share-based payment reserve (Note 11)	8,124,251	8,124,251
Foreign currency reserve	382,101	667,307
Accumulated deficit	(164,742,508)	(161,750,020)
Total shareholders' deficit	(11,148,608)	(8,135,857)
Total shareholders' deficit and liabilities	\$ 24,380,617	\$ 22,603,468

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 14)

Approved by the Board on November 10, 2023

"Jason Grace"
Director

"Chris K. Hedrich"
Director

SANDFIRE RESOURCES AMERICA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited - Expressed in Canadian Dollars)

	2023	2022
EXPENSES		
Director and executive management salary (Note 12)	\$ 74,227	\$ 85,817
Depreciation (Note 5)	72,133	62,244
Exploration and evaluation costs (Note 6 and 12)	1,461,075	2,770,930
Foreign exchange loss	3,530	6,879
Office, administration and miscellaneous	99,252	37,670
Professional fees	277,143	40,923
Share-based payments (recapture) (Notes 11 and 12)	(56,524)	44,294
Loss before other items	(1,930,836)	(3,048,757)
OTHER ITEMS		
Interest income	-	11,618
Interest expense (Note 9)	(1,033,595)	(670,898)
Accretion (Note 8)	(28,057)	(19,861)
Net loss for the period	(2,992,488)	(3,727,898)
Other comprehensive income		
Foreign currency reserve (loss) gain	(285,206)	43,341
Total other comprehensive (loss) income	(285,206)	43,341
NET LOSS AND COMPREHENSIVE (LOSS) INCOME		
FOR THE PERIOD	\$ (3,277,694)	\$ (3,684,557)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES		
OUTSTANDING, BASIC AND DILUTED	1,023,352,794	1,023,352,794

SANDFIRE RESOURCES AMERICA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023
(Unaudited - Expressed in Canadian Dollars)

	Share Capital - Number of Shares	Share Capital - Amount \$	Contributed Surplus \$	Share- based Payment Reserve \$	Foreign Currency Reserve \$	Accumulated Deficit \$	Total \$
Balance at July 1, 2022	1,023,352,794	140,084,649	1,843,314	8,218,446	6,416	(147,791,421)	2,361,404
Loss for the period	-	-	-	-	-	(3,727,898)	(3,727,898)
Other comprehensive loss	-	-	-	-	43,341	-	43,341
Contribution by parent associated with loan (Note 9)	-	-	360,909	-	-	-	360,909
Share-based payments	-	-	-	44,294	-	-	44,294
Balance at September 30, 2022	1,023,352,794	140,084,649	2,204,223	8,262,740	49,757	(151,519,319)	(917,950)
Loss for the period	-	-	-	-	-	(10,230,701)	(10,230,701)
Other comprehensive loss	-	-	-	-	617,550	-	617,550
Transfer of non-vested restricted shares to other liability	-	-	-	(175,000)	-	-	(175,000)
Release of restricted share units	-	-	-	(82,417)	-	-	(82,417)
Contribution by parent associated with loan (Note 9)	-	-	2,533,733	-	-	-	2,533,733
Share-based payments (Note 11)	-	-	-	118,928	-	-	118,928
Balance at June 30, 2023	1,023,352,794	140,084,649	4,737,956	8,124,251	667,307	(161,750,020)	(8,135,857)
Loss for the period	-	-	-	-	-	(2,992,488)	(2,992,488)
Other comprehensive gain	-	-	-	-	(285,206)	-	(285,206)
Contribution by parent associated with loan (Note 9)	-	-	264,943	-	-	-	264,943
Balance at September 30, 2023	1,023,352,794	140,084,649	5,002,899	8,124,251	382,101	(164,742,508)	(11,148,608)

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

SANDFIRE RESOURCES AMERICA INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited - Expressed in Canadian Dollars)

	2023	2022
OPERATING ACTIVITIES		
Net loss for the period	\$ (2,992,488)	\$ (3,727,898)
Items not involving cash:		
Depreciation (Notes 5)	72,133	62,244
Accretion of accrued reclamation and remediation (Note 8)	28,057	19,861
Accretion of interest on lease liabilities	1,135	1,267
Accretion of interest on loan payable – related party (Note 9)	64,7531	408,732
Share-based payments (recapture) (Note 11)	(56,524)	44,294
	(2,300,156)	(3,191,500)
Changes in working capital		
Prepaid expenses and other assets	(27,448)	(144,832)
Accounts payable and accrued liabilities	(244,363)	(765,029)
Accrued interest payable – related party	385,111	-
Cash used in operating activities	(2,186,856)	(4,101,361)
INVESTING ACTIVITIES		
Purchase of property and equipment (Note 5)	(406,809)	(38,254)
Acquisition of resource properties (Note 6)	(325,000)	(211,540)
Cash used in investing activities	(731,809)	(249,794)
FINANCING ACTIVITIES		
Payments on leases	-	(9,359)
Proceeds from loans payable – related party (Note 9)	3,525,765	4,596,573
Cash provided by financing activities	3,525,765	4,587,214
NET CHANGES IN CASH DURING THE PERIOD	607,100	236,059
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(69,045)	(9,320)
CASH BEGINNING OF PERIOD	119,302	94,535
CASH END OF PERIOD	\$ 657,357	\$ 321,274

SANDFIRE RESOURCES AMERICA INC.
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sandfire Resources America Inc. (the "Company") (TSX.V SFR.V) was incorporated on July 30, 1998 under the laws of British Columbia and is a mining exploration and development company. The Company is an 86.9% subsidiary of Sandfire Resources Ltd., a public company in Australia. The address of the Company's corporate and head office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada. The Company's stock symbol is "SFR.V" on the TSX Venture Exchange and "SRAFF" on the U.S. OTC Market.

The Company has started pre-construction earthworks of the Black Butte Copper project. The ability of the Company to obtain necessary financing to commence the full development and construction is not certain.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

During the three months ended September 30, 2023, the Company incurred a comprehensive net loss of \$3,277,694 (September 30, 2022 - \$3,684,557), the Company's cash was \$657,357 (June 30, 2023 - \$119,302) and working capital was negative \$31,335,835 (June 30, 2023 - \$27,192,358). The Company filed the Black Butte Copper Project Technical Report on December 10, 2020. During the three months ended September 30, 2023 as well as during the year ended June 30, 2023, the Company's subsidiary, Tintina Montana Inc. ("TMI") and the Company as guarantor, entered into various bridge loan agreements, denominated in USD with Sandfire Resources Ltd (parent) for short-term funding of day-to-day operations. The Company will have to raise additional funds to meet planned 2024/25 exploration expenses and future mine development work plans. On June 30, 2023, the Company entered into a variation agreement of the September 2021 bridge loan agreement with Sandfire Resources Ltd. Under the terms of the agreement the principal amount of the loan was increased from USD\$22 million to USD\$32 million along with the maturity date being extended to June 30, 2024.

The Company has concluded that the working capital as held at September 30, 2023 is insufficient to fund all committed and non-discretionary expenditures for at least the next twelve months. Unless additional funds are raised, the Company may have insufficient funds to realize its assets and discharge its liabilities in the normal course of business.

On November 1, 2022, the Company announced that the necessary permits to appropriate water for the Black Butte Copper Project were received. Issuance of the water permits triggered an appeal by objectors (Note 14).

The Company's history of losses and negative working capital indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company plans to address this uncertainty by drawing down on its amended bridge loan agreement (as discussed above) in fiscal year 2024. The Company's ability to raise funds is dependent on many factors such as the volatility in copper prices and the ongoing legal challenges, and as such there is no assurance that the Company will be successful in obtaining the required financing for planned exploration and mine development, as well as for general working capital. These financial statements do not contain any adjustments to the amounts that may be required should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, has been omitted or condensed. Accounting policies applied are consistent with those of the annual June 30, 2023 consolidated financial statements.

b) Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis.

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An reclassification has been made to the Consolidated Statements of Financial Position for fiscal year ended June 30, 2023, to identify contributed surplus arising from the discount on the Sandfire Resources Limited loan of \$4,737,956. The \$4,737,956 resulting from the accounting of the discount on the loans was reclassified from Share capital to Contributed surplus within the Shareholders equity section. This change in reclassification does not affect previously reported current liabilities in Consolidated Statement of Financial Position previously reported.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, TMI, which was incorporated in the United States. TMI wholly owns the Black Butte copper underground project. All intercompany balances and transactions have been eliminated on consolidation. The Company consolidates subsidiaries where it has the ability to exercise control. Control of an investee is defined to exist when the investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls investees, if and only if, the Company has all of the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Consolidated Financial Statements involves the use of judgments and estimates and from assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually reviewed and evaluated. Estimates are inherently uncertain and actual results may differ from the amounts included in the financial statements. Revisions to the estimates and assumptions are recognized in the period in which the estimates are revised and in future periods.

Impairment of resource properties

Determining if there are any facts and circumstances indicating impairment loss on resource properties is a subjective process involving judgment and a number of estimates and interpretations in many cases. Determining whether to test for impairment of resource properties requires management's judgment, among others, regarding the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale.

Impairment assessments for resource properties require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, and resources. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recognized in the Consolidated Statement of Loss.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses could differ in such a situation and significant adjustments to the Company's loss may occur in future periods.

Impairment of PPE

Determining if there are any facts and circumstances indicating impairment loss on PPE is a subjective process involving judgment and a number of estimates and interpretations in many cases. Impairment exists when the carrying value of PPE exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from researched sales transactions of similar assets, conducted at arm's length, or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is sensitive to the discount rate used for the model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses could differ in such a situation and significant adjustments to the Company's loss may occur in future periods.

Estimated useful life of property, and equipment

Management estimates the useful lives of PPE based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that

changes in these factors may cause significant changes in the estimated useful lives of the Company's PPE in the future.

Determination of technical feasibility and commercial viability of a resource property

The application of the Company's accounting policy for resource properties requires determining when technical feasibility and commercial viability have been demonstrated involves significant judgement, particularly in relation to projects where feasibility assessment may be ongoing over an extended period of time.

In making this determination, management assesses whether a final investment decision has been approved by the Company's board of directors which is an indication of technical feasibility and commercial viability of a project. Absent this approval, other factors are considered, such as the booking of significant quantities of commercial reserves, approval of budgeted expenditure to commence commercial development activities or the actual commencement of expenditure on development activities. As at September 30, 2023, the Company has determined that they are still in the exploration and evaluation stage as they are awaiting the resolution of the legal challenge against the DEQ decision to issue the Record of Decision ("ROD") (Note 14) for the approval of the mine and the objections to the water permit application as discussed below.

Accrual of reclamation and remediation costs

In determining accrued reclamation and remediation costs, the calculation of discounted cash flows includes various factors that require estimates and judgments including the extent and costs of reclamation and remediation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. The accrued reclamation and remediation costs are subsequently accreted to its full value over time through charges to the Consolidated Statements of Loss. The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, whether closure plans achieve intended reclamation goals, and the emergence of new restoration techniques or experience. The expected timing of expenditures can also change. As a result, there could be significant adjustments to the provision for rehabilitations, which would affect future financial results.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments for share-based payments include estimating the future volatility of the share price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the

interpretation of the tax authorities. All tax-related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax-related accruals and deferred income tax provisions in the period in which such determination is made.

Capital contribution from bridge loan

The Company received loans from its parent company at below-market rate, the benefit is recorded as a capital contribution within equity. Management has determined the market rate generally based on those of comparable entities.

4. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended accounting standards

On July 1, 2023, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included the following:

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities.

IAS 8 – Accounting policies, changes in accounting estimates and errors (“IAS 8”) was amended to modify the ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – Income taxes (“IAS 12”) - ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

These new standards and changes did not have any material impact on the Company’s consolidated financial statements.

Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after July 1, 2024 or later periods. Many are not applicable to, or do not have a significant impact on the Company and have therefore been excluded. The following has not been adopted and is being evaluated to determine the impact on the Company’s consolidated financial statements:

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

SANDFIRE RESOURCES AMERICA INC.
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023
(Expressed in Canadian Dollars)

5. PROPERTY, PLANT, AND EQUIPMENT

Cost	Equipment \$	Vehicle \$	Buildings and Improvements \$	Assets Under Construction \$	Land \$	Total \$
Opening balances as of June 30, 2022	328,456	399,998	1,753,670	8,502,295	211,725	11,196,144
Additions	107,663	76,259	-	-	-	183,922
Revaluation of reclamation and remediation asset	-	-	-	294,614	-	294,614
Transfers	-	-	165,264	(165,264)	-	-
Currency translations	9,545	11,623	50,952	344,229	6,151	422,500
As of June 30, 2023	445,664	487,880	1,969,886	8,975,874	217,876	12,097,180
Additions	-	-	406,809	-	-	406,809
Currency translations	11,289	12,358	49,899	227,367	5,519	306,432
As of September 30, 2023	456,953	500,238	2,426,594	9,203,241	223,395	12,810,421
Accumulated Depreciation						
Opening balances as of June 30, 2022	102,482	164,056	465,566	-	-	732,104
Additions	34,183	59,469	115,983	-	-	209,635
Currency translations	2,594	4,101	12,201	-	-	18,896
As of June 30, 2023	139,259	227,626	593,750	-	-	960,635
Additions	17,649	14,892	35,675	-	-	68,216
Currency translations	3,742	5,947	15,472	-	-	25,161
As of September 30, 2023	160,650	248,465	644,897	-	-	1,054,012
Net book value						
As of June 30, 2023	306,405	260,254	1,376,136	8,975,874	217,876	11,136,545
As of September 30, 2023	296,303	251,773	1,781,697	9,203,241	223,395	11,756,409

At September 30, 2023, assets under construction consist of partial phase one mine development assets being, roads, pit, land improvements, fencing, and reclamation and remediation asset. These assets will be placed in service once mining and milling of the property begins.

At September 30, 2023, management reviewed its estimated accrued reclamation costs associated with its mineral resource and determined that there was no adjustment required (June 30, 2023 – increase of \$294,614).

The Company has suspended construction of the assets under construction pending the resolution of the legal challenges described in Note 14. As a result, no borrowing costs were capitalized to assets under construction during the three months ended September 30, 2023 and the year ended June 30, 2023.

SANDFIRE RESOURCES AMERICA INC.
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023
(Expressed in Canadian Dollars)

6. RESOURCE PROPERTIES AND EXPLORATION AND EVALUATION COSTS

Additions to resource properties during the three months ended September 30, 2023 and year ended June 30, 2023 were as follows:

	September 30, 2023		June 30, 2023	
Beginning balance	\$	9,473,219	\$	8,281,173
Acquisition costs for the period		325,000		960,492
Currency translation		239,052		231,554
Ending balance	\$	10,037,271	\$	9,473,219

Exploration and evaluation expenses incurred during the three months ended September 30, 2023 were \$1,461,075 (September 30, 2022 - \$2,770,930)

i) Black Butte Copper 2010 Leases

On May 2, 2010, the Company, through its wholly-owned subsidiary, TMI, entered into mining lease agreements and a surface use agreement (collectively, the "Black Butte Agreements") with the owners of the Black Butte copper-cobalt-silver property in central Montana, United States.

The Black Butte Agreements, as amended, provide the Company, through TMI, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by the Company for additional periods of 10 years by giving prior notice within the time specified in the agreements. The Black Butte Agreements also provide for surface lease payments and advance minimum royalty payments to be paid to the lessors for the initial 30-year term, in total of approximately USD\$12,400,000 (USD\$4,924,207 paid as of September 30, 2023) in cash and a Net Smelter Returns ("NSR") royalty of 5% after commencement of commercial production, if any. At any time after completion of a feasibility study, the Company has the right to buydown the maximum 5% NSR to 2% by making payments to the lessors in total of USD\$10,000,000.

In addition, due to a purchase option provision in the Black Butte Copper 2010 lease, the Company began paying an individual lessor USD\$4,293 annually over 20 years beginning in June 2021.

Separately, the Company has an agreement with another property owner, Bar Z Ranch, Inc. ("Bar Z") whereby the Company paid an additional USD\$80,123 in both 2022 and 2023 to maintain an option to purchase the owner's property rights for USD\$619,877 before July 1, 2024.

Payments are due in May of each year. During the three months ended September 30, 2023 and 2022, the Company paid \$nil and \$nil, respectively in association with these leases.

ii) Black Butte Copper 2011 Leases

In June 2011, the Company, through its subsidiary, staked additional claims on federal lands and entered into mining lease agreements. The additional mining lease agreements were entered under similar terms as the Black Butte Agreements as described above. The Company was granted the sole and exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by the Company for additional periods of 10 years by giving prior notice within the time specified in the agreements. The additional Black Butte Agreements provide for prior to commercial production, advance minimum royalty

payments to be paid to the lessors, in total of USD\$1,250,000 in cash (USD\$370,000 paid as of September 30, 2023), and a NSR royalty of 5% after commencement of commercial production, if any. At any time after completion of a feasibility study, the Company has the right to buydown the maximum 5% NSR to 2% by making payments to the lessors in total of USD\$5,000,000.

Payments are due in June of each year. During the three months ended September 30, 2023 and 2022, the Company paid \$nil and \$nil, respectively in association with these leases.

iii) Lease and Water Use Agreement

On October 15, 2015, the Company, through TMI, entered into a Lease and Water Use Agreement to lease the water rights to certain locations in Meagher County, Montana, United States, for a term of 30 years. The Company shall pay the owner the sum of USD\$20,000 per year, increasing to USD\$100,000 per year upon actual mining and production of minerals at the Black Butte Copper property. The Company can terminate the lease and water use agreement at its option.

Payments are due in October of each year. During the three months ended September 30, 2023 and 2022, the Company paid \$27,162 and \$27,675, respectively, in accordance with the terms of this agreement.

iv) Mining Lease Agreement

On September 13, 2017, the Company, through TMI, entered into a Mining Lease Agreement for the purpose of mineral exploration and mining in certain lands located in Meagher County, Montana for an initial term of 30 years. In consideration, the Company shall pay the owner an advance minimum royalty payment, in total of USD\$555,000 in cash (USD\$40,000 paid as of September 30, 2023) and a NSR royalty of 5% after commencement of commercial production, if any. At any time after completion of a feasibility study, the Company has the right to buydown the maximum 5% royalty to 2% in return for a payment of USD\$5,000,000 divided pro rata among the mineral owners, and an option to renew the lease for five years. The Company can terminate the mining lease agreement at its option.

Payments are due in September of each year. During the three months ended September 30, 2023 and 2022, the Company paid \$13,581 and \$6,545, respectively, in accordance with the terms of this agreement.

v) Reclamation Bond

The Company had reclamation bonds of \$602,238 (USD\$443,442) and \$587,360 (USD\$443,442) held with DEQ as at September 30, 2023 and June 30, 2023, respectively. The Bonds are recorded as non-current assets on the Consolidated Statement of Financial Position.

vi) Prepaid Mining Property Tax

During the year ended June 30, 2021, the Company was required per its August 2018 Hard Rock Mining Impact Plan (HRMIP) to make mine property tax prepayment of USD\$437,000 to cover the immediate impacts for the City of White Sulphur Springs and Meagher County resulting from the planned development of the Black Butte Project. The prepayment will be credited against future property taxes due once the resource taxable assets are constructed and added to the Meagher County property tax lists of taxable assets for the Company. The prepaid mining property tax balance at September 30, 2023 and June 30, 2023 is \$593,489 (USD\$437,000) and \$578,827 (USD\$437,000), respectively.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payables and accrued liabilities as at September 30, 2023.

	September 30, 2023	June 30, 2023
Trade payables	\$ 253,022	\$ 413,872
Accrued liabilities and other	457,304	593,472
Accrued salaries and payroll	270,283	222,147
Total accounts payable and accrued liabilities	\$ 980,609	\$ 1,229,491

8. ACCRUED RECLAMATION AND REMEDIATION

Activity in the related accrued reclamation and remediation balance for the three months ended September 30, 2023 and year ended June 30, 2023 is as follows:

	September 30, 2023	June 30, 2023
Balance, beginning of period	\$ 2,735,180	\$ 2,294,959
Accretion	27,721	79,824
Changes in discount rate and estimates	-	294,614
Currency translation	69,621	65,783
Balance, end of period	\$ 2,832,522	\$ 2,735,180

The undiscounted amount of the expected cash flows required to settle the reclamation liability, upon completion of mining and milling activities, is estimated to be USD\$2.2 million as at September 30, 2023. The Company has estimated that reclamation and remediation payments are expected to be incurred from 2032 to 2051 with the majority of the payments being made in years 2037 to 2040. The liability for the expected cash flows, as reflected in the consolidated financial statements, has been inflated at 2.95% (June 30, 2023 – 2.95%) and discounted using a risk-free rate of 3.98% (June 30, 2023 - 3.98%).

9. LOANS PAYABLE – RELATED PARTY

Beginning in September 2021 and through September 30, 2023, TMI and the Company as guarantor, entered into various bridge loan agreements with Sandfire Resources Ltd. (parent) for short-term funding of day-to-day operations. At September 30, 2023 and June 30, 2023, the bridge loan agreement, as amended, specify that repayment of the loans were initially the earlier of (i) July 30, 2024 or (ii) 7 days after the Company completes either a debt or equity financing with gross proceeds of at least USD\$40 million. As at September 30, 2023, \$32.2 million (USD\$23.7 million) has been borrowed, with a maximum amount available to be borrowed under the bridge loan of USD\$32 million through one or more advances.

Interest on the loans is set at 5% per annum and interest is payable on the last day of each calendar month. The stated interest rate of the bridge loan was below the market rate for similar loan instruments. For accounting purposes at the date of each advance, the Company discounts the expected payments using a risk-adjusted discount rate and an estimated repayment date. Rates of 13.38% to 14.04% were used for the loans received during the three months ended September 30, 2023 (13.15% to 16.90%) for the year ended June 30, 2023). Amounts received in excess of fair value on the date of the advances were credited to contributed surplus representing a contribution by Sandfire Resources Ltd.

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A summary of the activity for the three months ended September 30, 2023 and for the year ended June 30, 2023 is as follows:

	Three months ended September 30, 2023		Year ended June 30, 2023	
Balance, beginning of the period	\$	25,529,616	\$	13,990,105
Additions		3,525,765		12,077,459
Discount due to below-market interest rate		(264,943)		(2,894,642)
Accretion of discount		647,531		2,118,031
Currency translation		696,874		238,663
Balance, end of the period	\$	30,134,843	\$	25,529,616

	Three months ended September 30, 2023		2022	
Interest expense (including accretion of discount)	\$	1,032,643	\$	614,215

	As at September 30, 2023		As at June 30, 2023	
Accrued interest payable	\$	1,370,506	\$	985,395

The bridge loan agreement was amended on June 30, 2023 to extend the term and increase the maximum amount available to be funded. The amendment resulted in a discount recognized on the loan payable balance at June 30, 2023, with an offsetting credit to Contributed surplus representing a contribution by Sandfire Resources Ltd. The discount was due to the stated interest rate of 5% being below the market rate for similar loan instruments of 13.80% on the date of the amendment.

All other terms and conditions of the bridge Loan remain in full force and effect, except as amended. No securities of the Company are issuable under the Agreement.

10. SHARE CAPITAL

- Authorized: The Company is authorized to issue an unlimited number of common shares without par value.
- Issued and outstanding at September 30, 2023: 1,023,352,794 (June 30, 2023: 1,023,352,794) common shares.

11. STOCK PLAN AND SHARE-BASED PAYMENTS

On November 1, 2021, the Company established an Omnibus Share Incentive Plan (the "Plan") for certain qualified directors, executives, officers, employees, and consultants. The Plan includes options that were issued under the Company's former stock option plan. Shares delivered under the Plan will generally be from authorized but unissued shares of the Company. The Plan reserves for issuance up to 2.5% of the issued and outstanding share capital of the Company from time to time with the maximum number of shares reserved cannot exceed 102,325,279 shares. Options granted under the Plan are for a term not to exceed 10 years from the date of their grant.

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The Plan allows for awards in the following forms: stock purchase option, restricted share unit, performance share unit or deferred share unit. Options granted under the Plan entitle the recipient to acquire a designated number of shares at a stated exercise price and typically vest over a period specified in the option agreement. DSUs are granted for services rendered, or for future services to be rendered, that typically vest upon issuance. Settlement of DSUs is the date of the recipient's resignation or termination of employment, retirement, or death. To date, no DSUs have been awarded under the Plan. RSUs and PSUs are granted for services rendered, or for future services to be rendered, that vest based on the passage of time during continued employment or other service relationship over a period determined by the board of directors.

As at September 30, 2023, there were no stock options outstanding (June 30, 2023 – nil). There were no stock options granted during the three months ended September 30, 2023.

Restricted Share Units ("RSUs"):

The Company is required to record a liability for the potential future settlement of the RSUs at each reporting date by reference to the fair value of the liability. The fair value of the recorded liability in relation to the RSUs was \$68,681 as at September 30, 2023 (June 30, 2023 – \$92,364) with a recapture of \$23,683 (September 30, 2022 – expense of \$27,390) recorded as stock-based compensation expense. The recapture during the three-month period ended September 30, 2023 was due to the forfeiture of unvested RSUs and the decrease in the fair value of the RSUs.

Transactions for cash-settled RSUs outstanding for the three months ended September 30, 2023 and year ended June 30, 2023 were as follows:

	September 30, 2023 Number of RSUs	June 30, 2023 Number of RSUs
Outstanding, at beginning of period	1,052,586	1,657,824
Granted	-	-
Settled	-	(526,293)
Forfeited	(421,034)	(78,945)
Outstanding, at end of period	631,552	1,052,586

During the three months ended September 30, 2023, 315,776 RSUs vested but have not yet been settled. At September 30, 2023, 315,776 unvested RSUs are expected to vest on July 1, 2024.

Performance Share Units ("PSUs"):

The Company is required to record a liability for the potential future settlement of the PSUs at each reporting date by reference to the fair value of the liability. A PSU represents the right to receive a subordinated voting share settled by the issuance of treasury shares or purchased on the open market or the cash equivalent at the market value of a share at the vesting date or a combination of cash and shares at the discretion of the Board. These PSUs vest upon completion of the performance period and specific performance conditions set forth for each individual grant for individually defined reporting and operating measurement objectives. The Company determines the factor to be applied to that target number of PSUs, with such percentage based on level of achievement of the performance conditions. Upon the achievement of the conditions, any unvested PSUs become fully vested.

On December 10, 2021, the Company awarded 1,105,216 PSUs that had a weighted average grant date fair value of \$0.19 per PSU or \$209,991. At September 30, 2023, unvested units expected to vest of 519,280 are scheduled to vest by June 30, 2024 assuming all performance milestones are reached. The fair value of the recorded liability in relation to the PSUs was \$54,314 as at September 30, 2023 (June 30, 2023 – \$87,154) with a recapture of \$32,741 (September 30, 2022 – expense of \$27,390) recorded as stock-based compensation expense. The recapture during the three-month period ended

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September 30, 2023 was due to the forfeiture of unvested PSUs and the decrease in the fair value of the PSUs.

Transactions for cash-settled PSUs outstanding for the three months ended September 30, 2023 and year ended June 30, 2023 were as follows:

	September 30, 2023 Number of PSUs	June 30, 2023 Number of PSUs
Outstanding, at beginning of period	968,383	1,105,216
Settled	-	(84,204)
Forfeited	(392,967)	(52,629)
Outstanding, at end of period	575,416	968,383

During the three months ended September 30, 2023, 56,136 PSUs vested but have not yet been settled. At September 30, 2023, 519,280 unvested PSUs are expected to vest on July 1, 2024.

12. RELATED PARTY TRANSACTIONS AND BALANCES

The following key management personnel compensation and related party transactions took place during the period:

	For the three months ended September 30,	
	2023	2022
Directors and executive officers' short-term benefits \$	219,764	\$ 190,063
Exploration management short-term benefits	78,915	113,634
Share-based compensation (recapture)	(56,524)	44,294
Total remuneration	\$ 242,155	\$ 347,991

The remuneration of directors and other members of key management, which includes director and management fees as well as salary and wages, is included in short-term benefits and share-based payments.

At September 30, 2023, and June 30, 2023, the Company has an account payable (excluding interest payable (Note 9)) to Sandfire Resources Ltd. of \$169,728 and \$279,434, respectively. Refer to Note 9 for information about the Company's loans and interest payable to Sandfire Resources Ltd. (parent). In addition, at September 30, 2023, and June 30, 2023, the Company was owed \$290,675 (USD\$215,651) and \$288,875 (USD\$215,651), respectively, from MATSA, a wholly owned subsidiary of Sandfire Resources Ltd. The amount owed related to a management services agreement between MATSA and the Company, allowing the secondment of key management from the Company to MATSA. The accounts payable and amount receivable from MATSA are unsecured, non-interest bearing with no fixed terms or repayment.

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13. SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration, and development of resource properties. The resource properties are located in the State of Montana in the United States.

As at September 30, 2023				
	Canada		United States	Total
Other assets	\$ 158,295	\$	14,185,051	\$ 14,343,346
Resource properties	-		10,037,271	10,037,271
Total Assets	\$ 158,295	\$	24,222,322	\$ 24,380,617
Total Liabilities	\$ 169,056	\$	35,360,169	\$ 35,529,225

As at June 30, 2023				
	Canada		United States	Total
Other assets	\$ 103,003	\$	13,027,246	\$ 13,130,249
Resource properties	-		9,473,219	9,473,219
Total Assets	\$ 103,003	\$	22,500,465	\$ 22,603,468
Total Liabilities	\$ 298,527	\$	30,440,798	\$ 30,739,325

	Canada		United States	Total
Net Loss for period ended September 30, 2023	\$ (150,183)	\$	(2,842,305)	\$ (2,992,488)
Net Loss for period ended September 30, 2022	\$ (97,825)	\$	(3,630,073)	\$ (3,727,898)

14. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Company's resource properties are subject to future lease payments. The Company has future lease payments for the Black Butte Copper 2010 and 2011 leases, as well as the lease for the water use agreement and mining lease (Note 6). The aggregate annual payments for the Company's three mineral lease agreements and water agreement are due as follows:

As of September 30, 2023				
		USD		CDN
During year ended June 30,				
2024 (remaining)	\$	1,103,772	\$	1,499,032
2025		513,895		697,920
2026		513,895		711,501
2027		523,895		711,501
2028		523,895		711,501
Thereafter		6,741,740		9,155,950
Total	\$	9,931,092	\$	13,487,405

Permit

On June 4, 2020, a legal challenge to the issuance of certain permits to the Company was lodged in the 14th Judicial Court in Meagher County, Montana against the DEQ and TMI.

Water rights

The Black Butte Copper Project, operated by TMI, proposed underground copper mine is located in the Smith River watershed which is 'closed' to filing of any additional water rights appropriations. For use of water from the mine, other water use must be retired to make the needed water volumes available for the mine.

On November 1, 2022, the Company announced that the necessary permits to appropriate water for the Black Butte Copper Project were received. Issuance of the water permits triggered an appeal by certain objectors.

The outcome of these legal actions cannot be determined at this time. The Company has suspended work on its assets under construction pending the resolution of these matters.

Management contracts

The Company is party to certain management contracts containing minimum commitments of approximately \$497,000 due within one year and additional contingent payments of up to \$600,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject to other than as noted below.

As at September 30, 2023 and June 30, 2023, the Company had capital resources consisting of cash, loans, and equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash through a debt financing.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations. There was no change to the Company's capital management approach during the three months ended September 30, 2023.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2023, the Company may not be compliant with the policies of the TSXV. The impact of non-compliance is currently unknown and is under the discretion of TSXV.

Refer to Note 1 Nature of operations and going concern.

16. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy has three levels to classify the inputs to valuation techniques used to measure fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (interest rate, yield curves), or inputs that are derived principally from or corroborated observable market data or other means.

Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Cash settled share-based payments carried at fair value are classified as Level 1 in the fair value hierarchy. As at September 30, 2023 and June 30, 2023, the carrying value of the Company's financial instruments approximates their fair value due to their short terms to maturity.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate cash balance. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

Interest rate risk

The Company's cash and cash equivalents are subject to interest rate price risk. The Company's interest rate risk management policy for cash and cash equivalents is to purchase highly liquid investments with a term to maturity of three months or less on the date of purchase. The Company does not engage in any hedging activity. The Company earned \$nil in interest income during the three months ended September 30, 2023 and the year ended June 30, 2023.

Credit risk

The Company maintains substantially all of its cash with major financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company is exposed to credit risk from its MATSA (a wholly owned subsidiary of Sandfire Resources Ltd.) receivable (Note 12). As at September 30, 2023, the Company is in the final stages of collecting the receivable and anticipates the receivable to be collected in the current fiscal year.

Foreign currency risk

As the Company operates on an international basis, currency risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign exchange risk arises primarily with respect to the U.S. dollar. A significant portion of the Company's cash, accounts payable, and expenses are denominated in U.S. dollars. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations. The Company does not engage in any hedging activity.

There have been no changes in the Company's objectives and policies for managing the above-mentioned risks and there has been no significant change in the Company's exposure to each risk during three months ended September 30, 2023. As at September 30, 2023, a 10% change in U.S. dollar against Canadian dollar would result in a \$0.3 million (2022: \$0.4 million) decrease or increase in the Company's net comprehensive loss.