



**SANDFIRE RESOURCES AMERICA INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023**

**SANDFIRE RESOURCES AMERICA INC.**  
**Management Discussion and Analysis**  
**For the three months ended September 30, 2023**

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***Introduction***

This Management Discussion and Analysis ("MD&A") of Sandfire Resources America Inc. (the "Company") has been prepared by management as of November 10, 2023 and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto of the Company for the three months ended September 30, 2023, which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Company are available on the Company's website at [www.sandfireamerica.com](http://www.sandfireamerica.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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**1. Executive Summary**

Sandfire Resources America Inc. (the “Company”) is focused on the exploration, development, and mining of its 100% owned flagship property, the Black Butte Copper Project in central Montana, USA. The Company plans to uphold the permit, continue construction, and operate an underground copper mining operation using modern environmentally responsible technologies to generate significant economic benefits for Montana and the Company’s stakeholders.

On August 14, 2020, the Montana Department of Environmental Quality (the “DEQ”) approved the Phase I Bonding for the underground Black Butte Copper project (the “Project”) and issued a Final Mine Operating Permit allowing the Company the right to commence Phase I Development surface construction at the mine site.

Black Butte Copper Permitting

The Company completed the Black Butte Copper Project Feasibility Study and updated the Mineral Resource for Lowry Deposit on October 27, 2020. The Company filed the Black Butte Copper Project Technical Report on December 10, 2020. Beginning in September 2021 and through September 30, 2023, 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.

A final Environmental Impact Statement (“EIS”) was issued on March 13, 2020, by the Montana Department of Environmental Quality (“DEQ”) which was followed by a DEQ positive record of decision on April 9, 2020, which was to allow development and underground mining of the Johnny Lee deposit at the Black Butte Copper Project to proceed. On August 14, 2020, the DEQ issued a final approval for the Phase I Bonding for the underground Black Butte Copper project (the “Project”). The DEQ approved the bond posting and issued a Final Mine Operating Permit allowing the Company the right to commence Phase I Development surface construction at the mine site. Given the nature and stage of the Company’s operations, the Company is not yet in production and consequently has not generated revenue and has only incurred significant expenditures resulting in negative cash flows from operations.

On June 4, 2020, a legal challenge to the DEQ’s Record of Decision was lodged in the 14th Judicial Court in Meagher County, Montana against the DEQ and TMI by four groups who oppose resource development in Montana. Through 2020 and 2021 all sides issued numerous legal filings resulting in an Administrative Record of approximately 90,000 pages.

On July 16, 2021, District Court Judge Bidegaray heard oral arguments for summary judgement from plaintiffs and defendants regarding a legal complaint filed on June 4, 2020 by the plaintiffs claiming to represent the environmental community. The suit was filed jointly against the DEQ and TMI. On April 8, 2022, Judge Bidegaray ruled in favor of the plaintiffs. On June 10, 2022, the Company and plaintiffs supplied separate recommendations, to the judge, for remedies for her ruling and followed with filing of a joint recommendations for remedies on July 1, 2022.

On July 5, 2022, the District Court issued an order on remedies that allowed Phase I Construction of the Black Butte Copper Project to be completed under the existing permit and vacate the remainder of the permit with remand to the DEQ for further review. On July 28, 2022, The Company and the DEQ filed a notice of appeal of the District Courts final order to the Montana Supreme Court. On November 2, 2022, the Company filed an initial brief to the Montana Supreme Court. After reviewing this and subsequent briefs from the Company and the Plaintiff, the Montana Supreme Court ordered oral arguments from both parties on June 21, 2023. The Company is now awaiting a ruling from the Montana Supreme Court. The court may either fully reject the plaintiff’s

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case which will allow the company to proceed with mine construction or remand any unresolved issues to the Montana DEQ for further evaluation after which the Company expects a final revised Mine Operating Permit to proceed with mine construction.

Water permits

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. In September 2018, the water rights owners who lease water to the Black Butte Copper Project submitted nine change applications to the Montana Department of Resources and Conservation ("DNRC") requesting modifications of their water rights to allow them to use the water for mitigation and leasing as well as irrigation. With these, TMI jointly applied for a ground water right, contingent on the success of the change applications and mitigation plan, and a high water right which would allow TMI to capture and pond excess spring flows for mitigation use throughout the year. On March 13, 2020, the DNRC issued Preliminary Determinations to Grant ("PDG") for the water right changes. During the following appeal period, nine parties filed objections to the PDGs -- these were the Newlan Creek Water Users Association ("NCWUA"); the Montana Fish Wildlife and Parks ("FWP"); and four conservation groups ("Conservation Objectors") who filed a joint objection. The Conservation Objectors raised issues of legal availability, adverse effects, and adequacy of proposed diversions. They also claimed that the DNRC failed to recognize that mine water discharged from the mine will have been put to beneficial use and so would require additional mitigation.

After a brief period of negotiations, TMI and NCWUA reached an agreement and NCWUA pulled their objection. TMI also began negotiations with FWP. The DNRC appointed a Hearings Examiner to hear the objections. On February 23, 2022, the Hearings Examiner granted a motion on behalf of the applicants for a Partial Summary Judgement that upheld the DNRC interpretation that direct discharge of dewatered mine water does not constitute a beneficial use of water. On March 14, 2022, the Conservation Objectors indicated that they intended to appeal the Partial Summary Judgement. Subsequent negotiations between TMI and the Conservation Objectors resulted in three fully executed agreements containing stipulations which entirely resolved all remaining issues raised by the Conservation Objectors. In addition, negotiations with FWP resulted in their withdrawal of their objection.

On November 1, 2022, the Company announced that the necessary permits to appropriate water for the Black Butte Copper Project were issued by the DNRC. The permits issued by the DNRC authorize the Company to divert groundwater for use in the mining of the Johnny Lee copper deposit and to store high-water flows for stream flow maintenance. The DNRC also approved the Company's change applications to use nine existing water rights to mitigate surface water flow reductions resulting from the groundwater diversion. Water right permits and change applications are issued by the DNRC in accordance with the Montana Water Use Act (Title 85, chapter 2, MCA). Issuance of the water permits by the DNRC triggered an appeal by the objectors to the DNRC Hearings Examiners finding that discharge of mine water directly to the environment should not be considered having been put to beneficial use and therefore those water volumes should not require mitigation. This ongoing litigation in no way prohibits TMI's use of the water under its issued water permits. Judge Hayworth reviewed and dismissed the case on April 12, 2023. On May 12, 2023, the objectors filed an appeal with the Supreme Court. An appeal would not inhibit the rights of the Company to use the water under the terms of the permits granted by the DNRC. As at September 30, 2023, the counsel for the plaintiff and defendants have filed briefs for the court to review. A response from the court is still pending.

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**2. Highlights**

The following are a list of highlights for the three months ended September 30, 2023:

- On July 31, 2023, the Company announced the appointment of Lincoln Greenidge, the current Chief Executive Officer of the Company, and Victoria Twiss, to the Board of Directors of the Company in replacement of Matt Fitzgerald and Rob Scargill who have resigned as directors of the Company. Mr. Grace was also appointed the Chairman of the Board to replace Mr. Fitzgerald.

Exploration and evaluation expenditures

The following table presents the total expenditures incurred on the Black Butte property to date:

	<b>Black Butte</b>
Resource Properties, net of currency translation	\$ 9,473,219
Accumulated Exploration and Project Support Costs project to date	89,666,285
Accumulated Engineering & Environment Costs project to date	9,840,840
Accumulated Mining Study Costs project to date	3,188,960
<b>Total expenditure at June 30, 2023</b>	<b>112,169,304</b>
Resource Properties	325,000
Resource Properties - currency translation	239,052
Exploration and Project Support Costs in the period	1,461,075
<b>Total expenditure for the three months ended September 30, 2023</b>	<b>2,025,127</b>
Resource Properties, net of currency translation	10,037,271
Accumulated Exploration and Project Support Costs project to date	91,127,360
Accumulated Engineering & Environment Costs project to date	9,840,840
Accumulated Mining Study Costs project to date	3,188,960
<b>Total expenditure at September 30, 2023</b>	<b>\$ 114,194,431</b>

**3. Selected Annual Information**

	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$
Total revenues	-	-	-
Loss for the year	(13,958,599)	(18,970,085)	(10,982,148)
Comprehensive loss for the year	(13,297,708)	(18,581,228)	(11,782,157)
Loss per share	(0.01)	(0.02)	(0.01)
Total assets	22,603,468	20,607,668	22,379,725
Total liabilities	30,739,325	18,246,264	3,502,655

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**4. Results of Operations**

**Black Butte Copper Permitting**

The ability of the Company to obtain necessary financing to commence the full development and construction is not certain. Refer to section 2 Black Butte Copper Permitting of this MD&A for more details.

Management does not have any reason to believe that it ultimately won't be successful in the litigation as of the date of this MD&A. However, there are no certainties or guarantees of such an outcome.

**Black Butte Copper Exploration**

The property contains sediment-hosted zones of massive sulfide mineralization originally explored by Cominco American Inc. ("Cominco") and BHP/Utah International ("BHP") during the 1980's and early 1990's. The drilling undertaken by Cominco American Inc. and BHP had encountered significant zones of strata-bound copper sulfide with cobalt in multiple bedded pyrite zones in the lower part of the Precambrian Belt Super group; this same stratigraphic unit hosts the Sullivan zinc-lead-silver deposit. The Company began core drilling on the property on September 15, 2010. Since then, the Company has drilled a total of 83,920 meters on the property.

The Company began a drilling campaign in September 2021 focused on refining and expanding the Lowry deposit copper resource. The program was hampered by difficult drilling conditions, Covid related absences, and mechanical issues that are exacerbated by supply chain issues. The Company completed approximately 8,936 meters in nineteen drillholes during the program. The results of this drilling will support a Lowry Pre-Feasibility Study planned for completion in December 2023. The technical team at Black Butte is completing an updated resource estimate for the Lowry Zone and will begin analysis of the hydrology, metallurgy, and geotechnical conditions of the area as well as completing a preliminary mine design and economic analysis. The Company plans to initiate a drill program in FY2024 along with a more detailed technical studies to determine if the Lowry Zone could be an economic addition to the project, and before the Company is able to seek permit approval for mining this zone.

Other field and data investigations are in progress to seek additional mineral occurrences both on the Black Butte property and other areas the Company sees as having favorable geologic conditions.

**Qualified Persons**

Jerry Zieg, Senior Vice President of Exploration for the Company is a Qualified Person for the purposes of National Instrument 43-101 ("NI 43-101") and has reviewed and approved the information of a scientific or technical nature contained in this MD&A.

**Expenditure Summary**

The following is a discussion of the significant variance in operations for the three months ended September 30, 2023 compared to September 30, 2022:

- The Company incurred a net loss of \$2,992,488 or \$nil per share during Q1 2024 as compared to a net loss of \$3,727,898 or \$nil per share during Q1 2023, representing a decrease in net loss of \$735,410.

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- During Q1 2024, exploration and evaluation costs decreased by \$1,309,855 compared to Q1 2023. The reason for the decrease is primarily due to a delay in getting the 2024 drill program started. Exploration programs are based on the timing and results of the previous program as well as managements overall expectations for the Company. As a result, exploration expenditures in one period are not reflective of expected expenditures in the next or comparative period.
- Professional fees increased by \$236,220 during Q1 2024 compared to Q1 2023 as a result of filings done in regards to the ongoing legal challenges. As litigation is ongoing and timing of the Company's responses and filings are based on the progression of the litigation in court, variance in professional fees is anticipated and one quarter's professional fees is not indicative of the next quarter or the anticipated annual professional fees expenses.
- Share-based payments expense decreased by \$100,818 during Q1 2024 compared to Q1 2023 as a result of PSUs and RSUs that were forfeited during the quarter as well as a decrease in The Company's share price, used to cash settle PSUs and RSUs which are expected to vest.
- The majority of foreign currency reserve ("FCR") represents the differences arising from the translation of its sole subsidiary from the functional currency in United States dollars to the reporting currency of the Company in Canadian dollars. Such differences accumulate in FCR until the disposal of a subsidiary. A disposal or partial disposal will result in a realized foreign exchange gain or loss which will be recorded in earnings within the statement of loss and comprehensive loss.
- Interest expense increased by \$326,697 during Q1 2024 compared to Q1 2023 as a result of increased draws on the Company's bridge loan.

During FY2022 and through Q1 2024, the Company had a bridge loan agreement with a wholly owned subsidiary of Sandfire Resources Ltd. As of September 30, 2023, the balance of the loans, net of discount, is \$32.2 million (USD\$23.7 million). As of September 30, 2023, the maximum amount available to be borrowed under the Bridge Loan is USD\$32.0 million through one or more advances, and repayment of the loans was initially the earlier of (i) July 30, 2024 or (ii) 7 days after Sandfire Resources America Inc. completes either a debt or equity financing with gross proceeds of at least USD\$40 million.

The Company's cash at September 30, 2023 totalled \$657,357 compared to \$119,302 at June 30, 2023. Up to the current period, the Company's primary funding has been through bridge loan agreements with Sandfire Resources Ltd (Parent), and as such the Company ensures that it only draws on the loans as required and does not maintain excess cash in the accounts. Accounts payable and accrued liabilities at September 30, 2023 decreased by approximately \$248,882 compared to June 30, 2023, due primarily to a decrease in activities in Q1 2024 compared to the year ended June 30, 2023.

The Company had an accumulated deficit at September 30, 2023 of \$164,742,508 compared to \$161,750,020 at June 30, 2023, which has been funded primarily by borrowings under the bridge loan. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing sufficient to cover its operating costs beyond September 30, 2023.

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**5. Summary of Quarterly Results**

The following is a summary of the Company's results for the eight most recently completed quarters ended September 30, 2023. These results are taken from the interim and annual consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial statements.

<b>Quarter Ended</b>	<b>Total Revenues</b>	<b>Loss for the Period</b>	<b>Basic and Diluted Loss Per share</b>
December 31, 2021	\$ Nil	\$ (6,356,522)	\$ (0.01)
March 31, 2022	\$ Nil	\$ (6,409,872)	\$ (0.01)
June 30, 2022	\$ Nil	\$ (3,326,132)	\$ (0.00)
September 30, 2022	\$ Nil	\$ (3,727,898)	\$ (0.00)
December 31, 2022	\$ Nil	\$ (3,954,834)	\$ (0.00)
March 31, 2023	\$ Nil	\$ (2,100,812)	\$ (0.00)
June 30, 2023	\$ Nil	\$ (4,175,055)	\$ (0.00)
September 30, 2023	\$ Nil	\$ (2,992,488)	\$ (0.00)

The loss for the two quarters ended December 31, 2021 and March 31, 2022 are significantly higher than the other periods due to the timing of the exploration program and the increased drilling during these periods as reasonably expected to occur during the winter season.

**6. Liquidity and Capital Resources**

At September 30, 2023, the Company reported negative working capital of \$31,335,835, of which \$31,505,349 related to loan and interest payable from the Company's majority shareholder, Sandfire Resources Ltd. Net increase in cash for the three months ended September 30, 2023 including the impact of exchange rate on cash was \$538,055, resulting in a cash balance of \$657,357. The increase in cash is due to the timing and amount of borrowings from Sandfire Resources Ltd. as well as the timing of month end payments.

Current assets excluding cash at September 30, 2023, consist of prepaid expenses and other assets of \$650,608. Current liabilities at September 30, 2023, consist of accounts payable and accrued liabilities of \$980,609, the current portion of lease liabilities of \$34,847, other liabilities of \$122,995, interest payable to a related party of \$1,370,506, and loan payable to a related party of \$30,134,843.

As of September 30, 2023, the balance of the loans, net of discount, is \$30,134,843. As of September 30, 2023, the maximum amount available to be borrowed under the Bridge Loan was is USD\$16.3 million through one or more advances, and repayment of the loans was initially the earlier of (i) July 30, 2024 or (ii) 7 days after Sandfire Resources America Inc. completes either a debt or equity financing with gross proceeds of at least USD\$40 million. As at September 30, 2023, the Company borrowed USD\$23.7 million under the bridge loan agreement.

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, we discount 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 an increase in contribution by Sandfire Resources Ltd.

The conditions described above indicate the existence of material uncertainty that may cast

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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. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including 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.

**7. Off-Balance Sheet Arrangements and Commitments**

At the date of this MD&A, the Company had no off-balance sheet arrangements. The Company has commitments associated with future resource properties payments as disclosed in Note 14 of the Condensed Consolidated Financial Statements for the three months ended September 30, 2023.

Refer to section 2 of this MD&A regarding the legal challenge surrounding DEQ's Record of Decision and TMI.

**8. Transactions with Related Parties**

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

	<b>For the three months ended September 30,</b>			
	<b>2023</b>		<b>2022</b>	
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

At September 30, 2023 and June 30, 2023, the Company has an account payable to Sandfire Resources Ltd. of \$169,728 (USD\$124,975) and \$217,532 (USD\$162,392), respectively. See above for information about the Company's loans payable to Sandfire Resources Ltd (parent). In addition, at September 30, 2023 and June 30, 2023, the Company was owed \$290,675 (USD\$219,651) 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 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.

**9. Changes in Accounting Policies**

The preparation of financial statements in conformity with IFRS requires the Company to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues, and expenses.

A detailed summary of the Company's significant accounting policies is included in Note 2 and 3 of the Consolidated Financial Statements for years ended June 30, 2023 and 2022.

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**10. Financial Instruments and Other 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.

*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 process of collecting the receivable.

*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 and cash equivalents, 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 the three months ended September 30, 2023. As at September 30, 2023, a 10% change in

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U.S. dollar against Canadian dollar would result in an approximately \$0.3 million (September 30, 2022: \$0.4 million) decrease or increase in the Company's net comprehensive loss.

**11. Business Operations**

The Company was incorporated on July 30, 1998, under the laws of British Columbia and is a mining exploration and development company. At the date hereof, Sandfire Resources Ltd. owns approximately 86.9% of the issued and outstanding common shares of the Company. Pursuant to the provisions of the BCBCA, the Company is considered to be a subsidiary of Sandfire Resources Ltd. as the Company is controlled by Sandfire Resources Ltd. The address of the Company's corporate and head office is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

Effective February 2, 2018, the Company changed its name to Sandfire Resources America Inc. Its stock symbols are "SFR.V" is on the TSX Venture Exchange and "SRAFF" on the U.S. OTC Market.

The Company is in the process of evaluating and obtaining water rights for its resource properties and has determined that these properties contain ore reserves that are economically recoverable other than those covered in the independent technical report prepared under National Instrument 43-101 entitled "*Sandfire Resources America Inc., Black Butte Copper Project, Feasibility Study (Johnny Lee Deposit) and Mineral Resource Estimate Update (Lowry Deposit) – Technical Report NI 43-101*". The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

**12. Outstanding Share Data**

Summary of Outstanding Share Data at the date of this report:

- a. Authorized: Unlimited common shares without par value.  
Issued and outstanding: 1,023,352,794 common shares
- b. Stock options and awards outstanding:
  - Stock Options: nil
  - Restricted Share Units: 315,776 vested and 315,776 unvested
  - Performance Share Units: 56,136 vested and 519,280 unvested
- c. Warrants outstanding: nil

**13. Disclosure Controls**

Management has designed disclosure controls and procedures or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, is made known to management, particularly during the period in which the annual filings are being prepared.

Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the consolidated financial statements for the three months ended September 30, 2023 and 2022, in accordance with IFRS. There has been no change in the Company's disclosure controls and procedures or in the

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Company's internal control over financial reporting that occurred during the most recently completed period that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place at September 30, 2023. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca). The shareholders will be kept informed of any material changes.

**14. Forward-looking Statements**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking information"). In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations or the negative of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information includes, but is not limited to, statements regarding:

- analyses and other information based on expectations of future performance and planned work programs;
- the independent technical report prepared under National Instrument 43-101 entitled "*Sandfire Resources America Inc., Black Butte Copper Project, Feasibility Study (Johnny Lee Deposit) and Mineral Resource Estimate Update (Lowry Deposit) – Technical Report NI 43-101*" (the "2020 Technical Report") dated December 8, 2020, including estimates of capital, sustaining and operating costs, anticipated internal rates of return, mine production, estimated recoveries, mine life, estimated payback period and net present values;
- permitting timelines and requirements;
- requirements for additional capital, and the potential effect of any notices of environmental conditions relating to mineral claims;
- planned exploration and development of properties and the results thereof, including profitability of the Black Butte Copper Project, its anticipated environmental impact and the anticipated effect of mine design;
- the sufficiency of the Company's current capital resources to carry out its planned exploration, evaluation activities, and operations through fiscal year 2024;
- completion of any new technical reports, including a feasibility study on the Black Butte Copper Project;
- evaluation of the potential impact of future accounting changes; and
- estimates concerning the carrying value of properties.

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Statements concerning mineral resource estimates may also constitute forward-looking information to the extent that such statements involve estimates of the mineralization that may be encountered if a property is developed. Any forward-looking information is stated as of the date of this document or as of the date of the effective date of information described in this MD&A, as applicable, and the Company does not intend, and does not assume any obligation, to update such forward-looking information to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events unless required to do so by law or regulation.

With respect to forward-looking information contained herein, the Company has applied several material factors or assumptions that the Company believes are reasonable. Such material factors and assumptions include, but are not limited to, in addition to other assumptions set out in the Updated PEA or 2020 Technical Report, that any additional financing needed will be available on reasonable terms; that the exchange rates for the U.S. and Canadian currencies will be consistent with the Company's expectations; that the current exploration and other objectives concerning the Black Butte Copper Project can be achieved and that the Company's other corporate activities will proceed as expected; that the assumptions underlying mineral resource estimates are valid and that no unforeseen accident, fire, ground instability, flooding, labor disruption, equipment failure, metallurgical, environmental or other events that could delay or increase the cost of development will occur; that capital, sustaining and operating costs will be as estimated; that the proposed mine plan and recoveries will be achieved; that the current price and demand for copper and other metals will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental approvals for the planned exploration and development of the Black Butte Copper Project, including final approval of the Company's application for the MOP, will be obtained in a timely manner and on acceptable terms; and the continuity of economic and political conditions and operations of the Company.

The forward-looking information contained herein is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by such forward-looking information. In addition to those discussed in the Company's public disclosure record, such risks and other factors include, among others, those related to:

- fluctuations in capital markets and share prices;
- the Company's ability to obtain necessary financing to fund the completion of further exploration programs or the development of its mineral properties and the expected use of proceeds;
- the Company's dependence on a single mineral project;
- the Company's dependence on key personnel;
- the Company's operations and contractual obligations;
- results of exploration activities not being consistent with management's expectations;
- changes in estimated mineral resources, grade or recovery rates;
- future prices of metals;
- availability of third party contractors, supplies and equipment;
- failure of equipment to operate as anticipated;
- accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry;
- interference with the Company's exploration or development activities by environmental activists or other special interest groups;
- the Company's principal property being located in the USA, including political, economic and regulatory uncertainty;
- environmental risks, including environmental matters under, or changes to, U.S. federal and Montana rules and regulations;
- impact of environmental remediation requirements;

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- the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- community relations;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- delays in obtaining, or inability to obtain governmental approvals, licenses, or permits, including final approval of the Company's application for the MOP for the Black Butte Copper Project;
- the Company's lack of operating revenues;
- costs of compliance, or failure to comply, with governmental regulations;
- currency fluctuations (particularly the Canadian dollar and United States dollar); and
- estimates used in the Company's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking information. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-

looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on such forward-looking information.

**15. Risk Factors**

The securities of the Company are highly speculative and subject to the risks typically associated with the mining industry. A prospective investor should not consider an investment in the Company unless the investor is capable of sustaining an economic loss of their entire investment. The risks associated with the Company's business include:

*Inability to Permit or maintain a Permit for a Mine at the Black Butte Copper Project*

The Company may ultimately be unable to secure and maintain the necessary permits under United States Federal and Montana State laws to build and operate a mine at the Black Butte Copper Project. In the ordinary course, the Company's permitting process will require the receipt and maintenance of, among other things, a 404 permit from the USACE (which has been received) and an operating permit from the DEQ (which has been received for the Johnny Lee Deposit). The Company must maintain compliance with the permit conditions in order for the permits to remain in good standing. There is no assurance that the Company will be able to obtain or maintain permits. If the Company is not able to obtain or maintain any permits, the Company's operations would be materially adversely affected, including that the development timeline of the Black Butte Copper Project could be negatively impacted and construction of a mine at the Black Butte Copper Project could be precluded.

It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that the Company would not proceed with the development or operation of a mine at the Black Butte Copper Project.

*Litigation*

The Company has in the past been, is currently (as described below and in the Company's other disclosure), and may in the future be, subject to legal proceedings seeking to prevent or impair the Company's pursuit of its Black Butte Copper Project. Such litigation will increase costs and may

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cause delays in the Company's plans. Given the uncertain nature of these actions, the Company cannot reasonably predict the outcome thereof. If the Company is unable to resolve these matters favorably and without excess cost, it will likely have a material adverse effect of the Company.

Refer to section 2 of this MD&A in regards to the Company's legal challenges.

*The Black Butte Copper Project is Subject to Organized Opposition*

The Black Butte Copper Project faces organized opposition from certain individuals and organizations who are motivated to preclude any possible mining in the Smith River watershed. Accordingly, one of the greatest risks to the Black Butte Copper Project is seen to be political/litigation risk which may ultimately preclude construction of a mine at the Black Butte Copper Project. Opposition may include legal challenges to exploration and development permits, which may delay or halt development. Other tactics may also be employed by opposition groups to delay or frustrate development at Black Butte, including political and public advocacy, electoral strategies, media and public outreach campaigns and protest activity.

*Compliance with environmental requirements will take considerable resources and changes to these requirements could significantly increase the costs of developing the Black Butte Copper Project and could delay these developing activities*

Although the Company has designed the Black Butte Copper Project to meet or exceed all applicable environmental laws, environmental legislation could evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Changes in environmental legislation could increase the cost to the Company of carrying out exploration and development of the Black Butte Copper Project. Further, compliance with new or additional environmental legislation may result in delays to exploration and development activities.

*The Company is unable to secure and maintain sufficient and appropriate water rights to facilitate economic operations*

The Company currently has a lease arrangement with two local ranches to lease sufficient water rights to allow mining and processing operations to proceed. The leased water rights must be modified through an administrative proceeding with the DNRC in order to be used to mitigate the beneficial use of water pumped out of the Black Butte operations for mineral processing. This administrative proceeding determines if the modifications meet the statutory criteria. Once the DNRC approves the modifications, the agency's decision is subject to objection and appeal by affected parties.

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. Refer to Section 2 of this MD&A for additional details.

*Risk of Secure Title or Property Interest*

There can be no certainty that title to any property interest acquired or leased by the Company or any of its subsidiaries is without defects. Although the Company has taken reasonable precautions to ensure that legal title to its properties is properly documented, there can be no assurance that its property interests may not be challenged or impugned. Such property interests may be subject

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to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

*The Black Butte Project Does Not Contain Any Ore Reserves or Any Known Body of Economic Mineralization beyond the Johnny Lee Deposit*

Although there are known bodies of mineralization on the Black Butte Copper Project, and the Company has completed core drilling programs within, and adjacent to, the deposits to determine measured and indicated resources, there are currently no known reserves or body of commercially viable ore beyond the Johnny Lee Deposit. The Black Butte Copper Project must be considered an exploration and feasibility evaluation project except for the Johnny Lee Deposit development potential. A Feasibility Study into the Black Butte Copper Project was commenced in October 2018. The Company released the Feasibility Study on October 27, 2020 and a Technical Report was filed in December 2020.

*Mineral Resources Disclosed by the Company for the Black Butte Copper Project are Estimates Only*

The Company has included mineral resource estimates that have been made in accordance with NI 43-101. These resource estimates are classified as "measured resources", "indicated resources" and "inferred resources". The Company advises investors that while these terms are mandated by Canadian securities administrators, the SEC does not recognize these terms. Investors are cautioned not to assume that any part or all of mineral deposits classified as "measured resources" or "indicated resources" will ever be converted into ore reserves. Further, "inferred resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or prefeasibility studies. Investors are cautioned not to assume that part or all of an inferred resource is economically or legally mineable.

All amounts of mineral resources are estimates only, and the Company cannot be certain that any specified level of recovery of metals from the mineralized material will in fact be realized or that the Black Butte Copper Project will ever qualify as a commercially mineable (or viable) ore body that can be economically exploited. Mineralized material which is not mineral reserves does not have demonstrated economic viability. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices and actual results of mining.

There can be no assurance that any future economic or technical assessments undertaken by the Company with respect to the Black Butte Copper Project will demonstrate positive economics or feasibility.

*The Company's consolidated financial statements have been prepared assuming the Company will continue on a going concern basis*

The Company's Consolidated Financial Statements have been prepared on the basis that the Company will continue as a going concern. The Company prioritized the allocation of available financial resources to meet key corporate and Black Butte Copper Project expenditure requirements throughout the fiscal year 2023. The Company continues to maintain the same prioritization in the fiscal year 2024. Additional financing will be required for continued corporate expenditures and expenditures at the Black Butte Copper Project. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interest are entirely dependent upon the existence of economically recoverable mineral reserves at the Black Butte Copper Project, the ability of the Company to finance its operating costs, the

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completion of the development of the Black Butte Copper Project, obtaining and maintaining the necessary permits to mine, and on future profitable production at the Black Butte Copper Project. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would likely differ significantly from their going concern assumption carrying values.

*Negative Operating Cash Flow*

The Company currently has a negative operating cash flow and will continue to have that for the foreseeable future. Accordingly, the Company will require substantial additional capital to fund its future exploration, evaluation and development activities. There is no assurance that such funding will be achieved when required. Any failure to obtain additional financing or failure to achieve profitability and positive operating cash flows will have a material adverse effect on its financial condition and results of operations.

*The Company will require additional funding to meet the development objectives of the Black Butte Copper Project*

The Company will need to raise additional financing (share issuances, debt or asset level partnering) to develop the Black Butte Copper Project. In addition, the positive production decision at the Black Butte Copper Project will require significant capital for project engineering and construction. Accordingly, the continuing development of the Black Butte Copper Project will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of the project, or other means. There can be no assurance that the Company will be successful in obtaining the required financing, or that it will be able to raise the funds on terms that do not result in high levels of dilution to shareholders.

*The Black Butte Copper Project is the Company's main mineral property interest*

The Black Butte Copper Project is not the Company's only mineral project. However, the Company's principal business objective is to advance the Black Butte Copper Project. If the Company is not successful in its plans, the Company may have to seek a new mineral property to explore or acquire an interest in a new mineral property or project. The Company anticipates that such an outcome would adversely impact the price of the Company's common shares. Furthermore, the Company anticipates that its ability to raise additional financing to fund exploration of a new property or the acquisition of a new property or project would be impaired as a result of the failure to establish commercial viability of the Black Butte Copper Project.

*If prices for copper decline, the Company may not be able to raise the additional financing required to fund expenditures for the Black Butte Copper Project*

The ability of the Company to raise financing to fund the Black Butte Copper Project will be significantly affected by changes in the market price of copper. The price of copper is volatile and is affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, the world supplies of and demands for copper and the stability of exchange rates can all cause fluctuations in copper prices. Such external economic factors are influenced by changes in international investment patterns and monetary systems and political developments. The price of copper has fluctuated in recent years, and future significant price declines could cause investors to be unprepared to finance exploration and development of copper projects with the result that the Company may not have sufficient financing with which to fund its activities.

*Mining is inherently hazardous and subject to conditions or events beyond the Company's control, which could have a material adverse effect on the Company's business*

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Hazards such as fire, explosion, floods, structural collapses, industrial accidents, unusual or unexpected geological conditions, ground control problems, power outages, inclement weather, seismic activity, cave-ins and mechanical equipment failure are inherent risks in exploration, development and mining operations. As is generally the case in the mining industry, these and other hazards may cause, among other things, injuries or death to employees, contractors or other persons at the Company's mineral properties, destruction of the Company's property, plant and equipment and mineral properties, and other adverse consequences, and may result in the suspension of the Company's exploration and development activities and any future production activities. Safety measures implemented by the Company may not be successful in preventing or mitigating future accidents.

*The Company competes with larger, better capitalized competitors in the mining industry*

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. It requires significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over the Company. The Company faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities than The Company possesses. As a result of this competition, the Company may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms the Company considers acceptable or at all.

*The Company is subject to many risks that are not insurable and, as a result, the Company will not be able to recover losses through insurance should such certain events occur*

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. The Company may become subject to liability for damages, cave-ins or other hazards against which it cannot insure. The payment of such liabilities could increase the Company's operating expenses which could, in turn, have a material adverse effect on the Company's financial position and its results of operations. Although the Company currently maintains liability insurance, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant liabilities and costs that could materially increase the Company's operating expenses.

*Our activities may be adversely affected by natural disasters, terrorist acts, health crises, and other disruptions and dislocations whether those effects are local, nationwide, or global.*

Upon the occurrence of a natural disaster, pandemic, or upon an incident of war, riot, or civil unrest, the impacted country, and the overall global economy, may not efficiently and quickly recover from such an event, which could have a material adverse effect on the Company. Terrorist attacks, public health crises, including epidemics, pandemics, outbreaks of new infectious diseases or viruses, and related events can result in volatility and disruption to global supply chains or operations, mobility of people, patterns of consumption and service, and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation business, financial conditions, results of operation and other factors relevant to the Company.

*Vulnerability of our business to cyber-attacks*

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There can be no assurance that our computer systems, internet sites, emails and other telecommunications, financial and geological data and banking, including bank accounts or funds transfers, will not be compromised by cyber-attacks or cyber theft, especially because cyber-attack and cyber theft techniques change frequently or are not recognized until successful. If our systems are compromised, do not operate properly, or are disabled, or we are subject to successful cyber theft, we could suffer, among other things, financial loss, disruption of business, loss of geology data which could affect our ability to conduct effective mine planning and accurate mineral resources estimates, and loss of financial data which could affect our ability to provide accurate and timely financial reporting. The Company's insurance may not provide coverage for cyber security events or may be inadequate. The occurrence of such an event, especially one that is not covered or not fully covered by insurance, could have a material adverse effect on the Company.