



SANDFIRE RESOURCES AMERICA INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

SEPTEMBER 30, 2020 AND 2019

(UNAUDITED – PREPARED BY MANAGEMENT)

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

November 20, 2020

SANDFIRE RESOURCES AMERICA INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020 AND JUNE 30, 2020
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2020	June 30, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 2,013,449	213,392
Prepaid expenses and other assets	685,638	132,917
Reclamation bond (Note 8)	16,015	16,317
	2,715,102	362,626
Non-current		
Property, plant and equipment (Note 6)	4,923,322	2,199,733
Resource properties (Note 8)	6,751,659	6,727,449
Right of use assets (Note 7)	149,044	161,266
	11,824,025	9,088,448
Total assets	\$ 14,539,127	9,451,074
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 3,083,614	1,866,375
Lease liabilities – current portion (Note 7)	30,302	31,885
Loans payable – related party (Note 10)	13,323,360	6,787,300
	16,437,276	8,685,560
Long-term		
Lease liabilities (Note 7)	119,469	124,784
Total liabilities	16,556,745	8,810,344
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 11)	110,007,994	110,007,994
Share-based payment reserve (Note 12)	8,057,706	8,054,356
Foreign currency reserve	378,617	417,568
Accumulated deficit	(120,461,935)	(117,839,188)
Total shareholders' equity (deficit)	(2,017,618)	640,730
Total equity and liabilities	\$ 14,539,127	9,451,074

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 15)

Approved by the Board on November 20, 2020

"Robert Scargill"

Director

"Matt Fitzgerald"

Director

SANDFIRE RESOURCES AMERICA INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

	2020	2019
EXPENSES		
Director and management fees (Note 13)	\$ 13,750	\$ 13,750
Depreciation and amortization (Notes 6 and 7)	62,014	44,876
Salary and wages	100,500	100,500
Exploration and evaluation costs (Note 8)	1,862,329	1,879,294
Foreign exchange loss (gain)	2,690	15,433
Office, administration and miscellaneous	169,963	100,028
Professional fees	240,914	441,225
Share-based payments (Note 12)	3,350	10,714
Loss from operations	(2,455,510)	(2,605,820)
OTHER ITEMS		
Interest income	-	142
Interest expense	(167,237)	(1,685)
Loss before income tax	(2,622,747)	(2,607,363)
Income tax recovery (Note 11)	-	4,200
Net loss for the period	(2,622,747)	(2,603,163)
Other comprehensive loss		
Foreign currency reserve	(38,951)	94,787
Net other comprehensive loss	(38,951)	94,787
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ (2,661,698)	\$ (2,508,376)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
	821,613,031	819,845,119

SANDFIRE RESOURCES AMERICA INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

	Common Shares		Warrants	Share-based	Foreign	Accumulated	Total
	Number of	Amount	Reserve	Payment	Currency	Deficit	
	Shares	\$	\$	Reserve	Reserve	\$	\$
				\$	\$		
Balance at July 1, 2019	819,833,031	104,076,363	5,594,800	8,137,302	190,609	(106,980,260)	11,018,814
Loss for the three months	-	-	-	-	-	(2,603,163)	(2,603,163)
Other comprehensive loss	-	-	-	-	94,787	-	94,787
Tax charge on expiry of warrants	-	-	(4,200)	-	-	-	(4,200)
Elimination of warrant reserve	-	5,590,600	(5,590,600)	-	-	-	-
Shares issued on exercise of options	100,000	22,717	-	(7,717)	-	-	15,000
Share-based compensation	-	-	-	10,714	-	-	10,714
Balance at September 30, 2019	819,933,031	109,689,680	-	8,140,299	285,396	(109,583,423)	8,531,952
Balance at July 1, 2020	821,613,031	110,007,994	-	8,054,356	417,568	(117,839,188)	640,730
Loss for the three months	-	-	-	-	-	(2,622,747)	(2,622,747)
Other comprehensive loss	-	-	-	-	(38,951)	-	(38,951)
Share-based compensation	-	-	-	3,350	-	-	3,350
Balance at September 30, 2019	821,613,031	110,007,994	-	8,057,706	378,617	(120,461,935)	(2,017,618)

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

SANDFIRE RESOURCES AMERICA INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the period	\$ (2,622,747)	\$ (2,603,163)
Items not involving cash:		
Deferred income tax recovery	-	(4,200)
Accretion of interest on lease liabilities	1,691	1,731
Depreciation	62,020	44,876
Share-based payments	3,350	10,714
	(2,555,686)	(2,550,042)
Working capital adjustments:		
Prepaid expenses and other assets	(552,419)	(8,900)
Accounts payable and accrued liabilities	1,217,239	(288,189)
Cash used in operating activities	(1,890,866)	(2,847,131)
INVESTING ACTIVITIES		
Acquisition of resource properties	(148,722)	(121,597)
Purchase of property and equipment, net	(2,817,627)	(74,115)
Refund of reclamation bond	-	269,173
Cash provided by (used in) investing activities	(2,966,349)	73,461
FINANCING ACTIVITY		
Payments on leases	(5,698)	(1,941)
Proceeds from related party loan	6,790,235	-
Proceeds from exercised of stock option	-	15,000
Cash provided by (used in) financing activity	6,784,537	13,059
Net Increase (Decrease) in Cash and Cash Equivalents During the Period	1,927,322	(2,760,611)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(127,265)	9,253
Cash and Cash Equivalents, Beginning of Period	213,392	4,077,066
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,013,449	\$ 1,325,708
Noncash financing and investing activities:		
Purchase of property and equipment with accounts payable and accrued liabilities	\$ 1,413,315	\$ -

SANDFIRE RESOURCES AMERICA INC.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - 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 85.27% 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 is in the process of evaluating and permitting its resource property and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related exploration and evaluation costs 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.

During the three months ended September 30, 2020, the Company incurred a net loss of \$2,622,747 (2019: \$2,603,163), the Company's cash and cash equivalents was \$2,013,449 (June 30, 2020: \$213,392) and working capital was negative \$13,722,174 (June 30, 2020: negative \$8,322,934). A final EIS was issued on March 13, 2020 by the Montana Department of Environmental Quality ("MT DEQ") with a positive record of decision following on April 9, 2020. On August 14, 2020, the MT DEQ issued a final approval for the Phase I Bonding for the underground Black Butte Copper project (the "Project"). The Company has posted a surety bond for the Project, the MT DEQ has approved the bond posting and has issued a Final Mine Operating Permit allowing the Company the right to commence Phase I Development surface construction at the mine site. The Company is yet to achieve profitability and experiences operating losses and significant negative cash flow. The Company has concluded that the working capital as held at September 30, 2020 is insufficient to fund planned 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.

The conditions described above 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 raising additional funds in the capital markets or through debt financing in fiscal year 2021. 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.

Since March 2020, several governmental measures have been implemented in the United States, where the Company's operations are located and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to US Federal and State and Canadian Federal and Provincial emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, could impact the Company's ability to conduct its planned programs in a timely manner, and the Company is evaluating the best way to move its activities forward when the emergency measures are lifted.

2. SIGNIFICANT ACCOUNTING POLICIES

SANDFIRE RESOURCES AMERICA INC.
(FORMERLY TINTINA RESOURCES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

a) Statement of compliance

These interim condensed consolidated financial statements are unaudited and have been prepared in compliance with International Financial Reporting Standards (“IFRS”), including IAS 34 - Interim Financial Reporting (“IAS 34”). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These interim condensed consolidated financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the year ended June 30, 2020. Accounting policies applied are consistent with those of the previous

b) Basis of preparation

These interim condensed consolidated financial statements have been prepared under the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. The comparative figures presented in these interim condensed consolidated financial statements are in accordance with IFRS.

c) Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Tintina Montana Inc. (“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.

d) Cash and cash equivalents

Cash and cash equivalents in the interim condensed consolidated statement of financial position comprise of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company’s cash and cash equivalents are invested with major financial institutions in business accounts, bankers’ acceptances and in government treasury bills which are available on demand by the Company for its programs, and are not invested in any asset backed deposits/investments.

e) Resource properties and exploration and evaluation costs

Resource properties consist of payments to acquire property rights and leases, including on-going annual lease payments and water rights payments. Property acquisition costs are capitalized. Exploration and evaluation costs are expensed to the statement of loss and comprehensive loss in the periods incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent costs are capitalized into development assets.

Development costs incurred on a mineral property are capitalized once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges.

SANDFIRE RESOURCES AMERICA INC.
(FORMERLY TINTINA RESOURCES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Resource properties and exploration and evaluation costs (continued)

At each reporting period, the Company assesses whether there is an indication that resource properties may be impaired. When impairment indicators exist, or when the decision to proceed with the development of a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of resource properties and compares it against the carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the resource property's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of loss and comprehensive loss for the period. In calculating the recoverable amount, the Company will look at market comparable transactions and, when appropriate, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the resource property. The cash flows are based on best estimates of expected future cash flows from the continued use of the resource property.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

f) Property, plant, and equipment

Property, plant, and equipment ("PPE") is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded over the estimated useful lives of the assets on the declining balance basis at the following annual rates.

Computer equipment and software	40%
Vehicle	30%
Equipment	20%
Buildings	4 - 5%
Leasehold improvements	over the term of the lease

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures are capitalized. The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. For PPE assets under construction, depreciation begins once the asset is placed in service.

g) Foreign currency translation

The Company's interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Foreign currency translation (continued)

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiary at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are recognized in net loss before comprehensive loss except for monetary items that are designated as part of the Company's net investment of a foreign operation. These are recognized in other comprehensive income (loss) until the net investment is disposed, at which time the accumulated amount is reclassified to the statement of loss and comprehensive loss.

ii) The Company and its subsidiary

On consolidation the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statement of loss and comprehensive loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of loss and comprehensive loss.

h) Decommissioning, restoration and similar liabilities ("Asset retirement obligation")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made.

The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. The associated restoration costs are amortized over the expected useful life of the assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the consolidated statement of loss and comprehensive loss. There was no asset retirement obligation recorded at September 30, 2020 and June 30, 2020.

SANDFIRE RESOURCES AMERICA INC.
(FORMERLY TINTINA RESOURCES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Other provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company had no other provisions as at September 30, 2020 and June 30, 2020.

j) Share-based payments

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is recognized, together with a corresponding increase in the share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Income taxes

i) Current income tax

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

**SANDFIRE RESOURCES AMERICA INC.
(FORMERLY TINTINA RESOURCES INC.)**
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes (continued)

ii) Deferred tax

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Deferred tax is not recognised for all temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

Financial assets

Financial assets are classified and measured at: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset i.e. whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (“SPPI”). This is referred to as the SPPI test. Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired. The Company’s financial assets at amortized cost include cash and cash equivalents, reclamation bonds, and other assets.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVTPL in its entirety. The Company has no financial assets classified as FVTPL.

Impairment

An expected credit loss (“ECL”) impairment model applies which requires a loss allowance to be recognized based on ECLs. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original EIR, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets at FVTPL or FVOCI

The Company has no financial assets classified as FVTPL or FVOCI.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and borrowings and payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the effective interest method ("EIR"). Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of loss and comprehensive income. Gains and losses are recognized when the financial liability is derecognized. The Company's financial liabilities at amortized cost include accounts payable and accrued liabilities, and loans payable

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of loss and comprehensive loss.

Financial liabilities at FVTPL

The Company has no financial liabilities classified as FVTPL.

n) Fair value measurement

The Company discloses the fair value of financial instruments at each reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset at fair value less costs of disposal ("FVLCD"). Fair values of financial instruments measured at amortized cost are disclosed in Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated.

o) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right, then the asset is not identified.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Leases (continued)

- the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Company recognizes a right-to-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful life of the right-to-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise prices under a purchase price option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Leases (continued)

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements involves the use of judgments and estimates and form 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.

Determining if there are any facts and circumstances indicating impairment loss on resource properties and property, plant and equipment (together "long-lived assets") is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of long-lived assets requires management's judgment, among others, regarding the following: the period for which the Company has the right to use and occupy 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 and evaluation of mineral resources is neither budgeted nor planned; exploration for and evaluation of mineral resources 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; or sufficient data exists to indicate that, although a development is likely to proceed, the carrying amount of the long-lived assets is unlikely to be recovered in full from successful development or by sale. The Company considers both internal and external sources of information when making this assessment. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its long-lived assets. Internal sources of information the Company considers include the manner in which resource properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

When an indication of impairment loss exists, the recoverable amount of the long-lived assets must be estimated. In testing asset for impairment, management estimates the recoverable amount of the asset. This requires management to make several assumptions as to future events or circumstances. 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 earnings may occur in future periods.

4. NEW AND AMENDED ACCOUNTING STANDARDS

New accounting standard effective for annual periods on July 1, 2020:

Definition of a Business (Amendments to IFRS 3): The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment became effective for the Company on July 1, 2020 and did not have any impact on the Company's consolidated financial statements.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

New accounting standard effective for annual periods on July 1, 2021:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1): The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after July 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until July 1, 2023.

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6. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer Equipment and Software	Equipment	Vehicle	Buildings	Leasehold Improvements	Assets Under Construction	Land	Total
As of June 30, 2019	\$102,099	\$163,567	\$196,359	\$1,213,114	\$ 258,603	\$ -	\$157,159	\$2,090,901
Additions	-	47,187	-	27,052	-	401,476	20,715	496,430
Currency translations	-	6,026	7,235	44,699	8,684	-	5,790	72,434
As of June 30, 2020	102,099	216,780	203,594	1,284,865	267,287	401,476	183,664	2,659,765
Additions	-	-	22,418	-	-	2,795,209	-	2,817,627
Transfer	-	-	-	166,601	-	(166,601)	-	-
Currency translations	-	(4,011)	(3,768)	(23,782)	(4,947)	(7,431)	(3,399)	(47,338)
As of September 30, 2020	\$102,099	\$212,769	\$222,244	\$1,427,684	\$ 262,340	\$ 3,022,653	\$ 180,265	\$5,430,054
Accumulated Depreciation								
As of June 30, 2019	\$102,099	\$ 21,273	\$ 41,358	\$ 68,329	\$ 17,865	\$ -	\$ -	\$250,924
Additions	-	27,421	38,786	90,593	44,525	-	-	201,325
Currency translations	-	1,097	1,967	3,552	1,167	-	-	7,783
As of June 30, 2020	102,099	49,791	82,111	162,474	63,557	-	-	460,032
Additions	-	6,497	6,947	29,776	9,642	-	-	52,862
Currency translations	-	(865)	(1,459)	(2,747)	(1,092)	-	-	(6,163)
As of September 30, 2020	\$102,099	\$ 55,423	\$ 87,599	\$ 189,503	\$ 72,107	\$ -	\$ -	\$506,731
Net book value								
As of June 30, 2019	\$ -	\$ 142,294	\$ 155,001	\$ 1,144,785	\$ 240,738	\$ -	\$ 157,159	\$ 1,839,977
As of June 30, 2020	\$ -	\$ 166,989	\$ 121,483	\$ 1,122,391	\$ 203,730	\$ 401,476	\$ 183,664	\$ 2,199,733
As of September 30, 2020	\$ -	\$ 157,346	\$ 134,645	\$ 1,238,181	\$ 190,233	\$ 3,022,653	\$ 180,265	\$ 4,923,323

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7. RIGHT TO USE ASSETS AND LEASE LIABILITIES

Right to Use Assets	Office Building	Vehicle	Houses	Total
As of June 30, 2019	\$ 145,212	\$ 8,287	\$ -	\$ 153,499
Contracts identified as leases			42,202	42,202
Depreciation	(15,670)	(7,280)	(16,688)	(39,638)
Currency translations	5,171	223	(191)	5,203
As of June 30, 2020	134,713	1,230	25,323	161,266
Depreciation	(3,855)	(1,197)	(4,106)	(9,158)
Currency translations	(2,530)	(33)	(501)	(3,064)
As of September 30, 2020	\$ 128,328	\$ -	\$ 20,716	\$ 149,044
Lease Liabilities				
As of June 30, 2019	\$ 137,353	\$ 8,471	\$ -	\$ 145,824
Contracts identified as leases	-		42,202	42,202
Payments	(19,547)	(7,959)	(17,353)	(44,859)
Interest expense	6,557	482	1,541	8,580
Currency translations	4,586	317	19	4,922
As of June 30, 2020	128,949	1,311	26,409	156,669
Payments	-	(1,301)	(4,397)	(5,698)
Interest expense	1,455	15	221	1,691
Currency translations	(1,828)	(25)	(1,038)	(2,891)
As of September 30, 2020	\$ 128,576	\$ -	\$ 21,195	\$ 149,771

At September 30, 2020, the total of future minimum lease payments under the leases are as follows:

36,772	From October 1, 2020 to September 30, 2021
81,139	From October 1, 2021 to September 30, 2025
57,557	From October 1, 2026 to January 1, 2028
175,468	
(25,697)	Less effect of discounting
149,771	
(30,302)	Lease liabilities – current portion
\$119,469	Lease liabilities – long term

8. RESOURCE PROPERTIES

Expenditures as at September 30, 2020 and June 30, 2020:

	For the three months ended September 30,	
	2020	2019
Beginning balance	\$ 6,727,449	\$ 5,720,623
Acquisition costs for the year	148,722	121,597
Currency translation	(124,512)	65,386
Ending balance	\$ 6,751,659	\$ 5,907,606

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8. RESOURCE PROPERTIES (continued)

Black Butte Copper	Exploration and evaluation costs for three months ended September 30,	
	2020	2019
Labor	\$ 1,089,017	\$ 811,765
Contractors and consultants	142,635	730,957
Permitting	397,445	-
Metallurgy/Assays	76,513	69,741
Public relations	98,373	176,180
Supplies	18,926	24,220
Project travel	7,784	11,970
Rents and storage	13,260	46,208
Other	18,376	8,253
Total	\$ 1,862,329	\$ 1,879,294

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. This portion of the Black Butte property consists of approximately 7,684 acres of fee-simple lands and 4,541 acres in 239 Federal unpatented lode mining claims in central Montana.

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, in total of approximately US\$12,400,000 in cash (schedule Payments 1), 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 US\$10,000,000.

The following is an updated schedule of payments, translated to Canadian dollars, as at September 30, 2020:

Payments 1

\$ 4,464,381	Total paid from May 2, 2010 to May 2, 2020
11,713,951	\$585,698 annually on May 2 from 2020 to 2040
\$ 16,178,332	Total lease payments, excluding buydown of NSR royalty of 5%

ii) **Black Butte Copper 2011 Leases**

During the year ended September 30, 2011, the Company, through its subsidiary, staked additional 286 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,

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8. RESOURCE PROPERTIES (continued)

advance minimum royalty payments to be paid to the lessors, in total of US\$1,250,000 in cash (schedule Payments 2), 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 US\$5,000,000. The following is a schedule of payments, translated to Canadian dollars, as at September 30, 2020:

Payments 2

\$ 320,113	Total paid from June 10, 2011 to June 10, 2020
93,263	On June 10, 2021 and on June 10, 2022 (\$46,632 each year)
159,880	On June 10, 2023, on June 10, 2024, and on June 10, 2025 (\$53,293 each year)
1,065,868	\$66,617 annually on June 10 from 2026 to 2041
\$ 1,639,124	Total lease payments, excluding buydown of NSR royalty of 5%

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 for a term of 30 years. The Company shall pay the owner the sum of US\$20,000 (\$26,646) per year, increasing to US\$100,000 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.

During the three month period ended September 30, 2020, the Company paid the anniversary payment of \$26,372 (2019- \$26,470).

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 US\$555,000 in cash (schedule Payments 3), 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 US\$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.

The following is a schedule of payments, translated to Canadian dollars, as at September 30, 2020:

iv) Mining Lease Agreement

Payments 3

\$25,837	Paid on date of execution of lease to September 1, 2020
13,323	\$6,662 annually on September 1 from 2021 to 2022
66,617	\$13,323 annually on September 1 from 2023 to 2027
99,925	\$19,985 annually on September 1 from 2028 to 2032
133,234	\$26,647 annually on September 1 from 2033 to 2037
399,701	\$39,970 annually on September 1 from 2038 to 2047
\$ 738,637	Total lease payments, excluding buydown of NSR royalty of 5%

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8. RESOURCE PROPERTIES (continued)

v) **Reclamation Bond**

As of June 30, 2019, the Company had reclamation bond deposits of \$285,090 held with MT DEQ for the Black Butte Copper drilling program. These bonds are required under Montana state law. The Company completed reclamation on the majority of its latest drilling program and was able to satisfy requirements of its outstanding bond which resulted a refund of \$270,372 from the MT DEQ in the year ended June 30, 2020. The Company has a remaining deposit of \$16,015 held with MT DEQ as September 30, 2020.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020		June 30, 2020	
Trade payables	\$	707,240	\$	632,913
Accrued liabilities and other		1,715,222		513,519
Accrued salaries and payroll		661,152		719,943
	\$	3,083,614	\$	1,866,375

10. LOANS PAYABLE TO RELATED PARTY

On October 25, 2019, TMI and the Company as guarantor, entered into a US\$3.0 million (\$3,944,721) Bridge Loan Agreement with Sandfire Resources Ltd (parent) for short-term funding of day to day operations. Interest on the loan is set at 5% per annum and interest is payable on the last day of each calendar month. The loan terms specified that repayment of the loan was the earlier of (i) December 31, 2020 or (ii) 7 days after Sandfire Resources America Inc. completes either a debt or equity financing with gross proceeds of at least US\$12.0 million. At September 30, 2020, accrued interest payable on this loan was \$16,426 (June 30, 2020 - \$16,364). During the three month period ended September 30, 2020, interest expense was \$49,936 (2019 – nil).

On February 13, 2020, TMI and the Company as guarantor, entered into a US\$2.0 million (\$2,663,772) Bridge Loan Agreement with Sandfire Resources Ltd (parent) for short-term funding of day to day operations. Interest on the loan is set at 5% per annum and interest is payable on the last day of each calendar month. The loan terms specified that repayment of the loan was the earlier of (i) December 31, 2020 or (ii) 7 days after Sandfire Resources America Inc. completes either a debt or equity financing with gross proceeds of at least US\$12.0 million. At September 30, 2020, accrued interest payable on this loan was \$10,951 (June 30, 2020 - \$11,529). During the three month period ended September 30, 2020, interest expense was \$33,290 (2019 – nil).

On July 1, 2020, TMI and the Company as guarantor, entered into a US\$5.0 million (\$6,790,235) Bridge Loan Agreement with Sandfire Resources Ltd (parent) for short-term funding of day to day operations. Interest on the loan is set at 5% per annum and interest is payable on the last day of each calendar month. The loan terms specified that repayment of the loan was the earlier of (i) December 31, 2020 or (ii) 7 days after Sandfire Resources America Inc. completes either a debt or equity financing with gross proceeds of at least US\$12.0 million. At September 30, 2020, accrued interest payable on this loan was \$27,377 (June 30, 2020 - nil). During the three month period ended September 30, 2020, interest expense was \$82,324 (2019 – nil) .

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10. LOANS PAYABLE TO RELATED PARTY (continued)

						Balances as at September 30, 2020	
Balance as at June 30, 2020	Additions	Repayments	Currency Translation	Principal Amount	Accrued Interest		
\$6,787,300	\$ 6,790,235	\$ -	\$ (254,175)	\$13,323,360	\$ 54,754		

						Balances as at June 30, 2020	
Balance as at June 30, 2019	Additions	Repayments	Currency Translation	Principal Amount	Accrued Interest		
\$ -	\$ 6,608,493	\$ -	\$ 178,807	\$6,787,300	\$27,893		

11. SHARE CAPITAL

- a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.
- b) Issued and outstanding at September 30, 2020: 821,613,031 (June 30, 2020: 821,613,031) common shares.

See Consolidated Statements of Changes in Equity for details.

Warrants

On September 12, 2019, 40,000,000 Class C warrants expired unexercised. The expiry of these warrants generated a capital gain and the Company recorded a \$4,200 tax charge in equity which has been offset by a deferred tax recovery in the consolidated statement of loss and other comprehensive loss. The Company had not outstanding warrants at September 30, 2020 and June 30, 2020.

12. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

The Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts. Options granted under the Plan are for a term not to exceed 10 years from the date of their grant. No options were granted during the three months ended September 30, 2020 and year ended June 30, 2020.

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12. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, June 30, 2019	9,520,000	\$0.14
Granted	-	-
Expired or Forfeited	(5,040,000)	\$0.18
Exercised	(1,780,000)	\$0.12
Balance, June 30, 2020	2,700,000	\$0.08
Granted	-	-
Expired or Forfeited	-	-
Exercised	-	-
Balance, September 30, 2020	2,700,000	0.08

The following table summarizes stock options outstanding and exercisable at September 30, 2020:

Exercise Price (\$)	Number of Options		Weighted Average Remaining Contractual Life (years)	Intrinsic Value
	Outstanding	Exercisable		
0.11	1,250,000	833,333	2.67	\$150,000
0.06	1,450,000	1,450,000	1.21	246,500
	2,700,000	2,283,333	1.88	\$396,500

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Three months ended	
	September 30, 2020	September 30, 2019
Short-term benefits	\$ 333,597	\$ 328,470
Share-based compensation	3,350	9,915
Total remuneration	\$ 336,947	\$ 338,385

The remuneration of directors and other members of key management is included in short-term benefits and share-based payments.

As of September 30, 2020, the Company had loans payable of \$13,323,360 (June 30, 2020: \$6,787,300) to Sandfire Resources Ltd (parent). The Company recognized interest expense of \$165,550 and nil during the three months ended September 30, 2020 and 2019, respectively, on loans payable to Sandfire Resources Ltd. Included in accounts payable and accrued liabilities at September 30, 2020 was accrued interest payable of \$54,754 (June 30, 2020: \$27,893) See Note 10.

During the three month period ended September 30, 2020, Sandfire Resources Ltd. paid exploration expenses amounting to \$nil (2019: \$32,886) on behalf of the Company. These amounts were repaid by the Company to Sandfire Resources Ltd. Included in accounts payable and accrued liabilities at September 30, 2020 was \$nil (June 30, 2020: \$nil) payable to Sandfire Resources Ltd.

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14. 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, 2020

		Canada		United States		Total
Other Assets	\$	102,779	\$	7,684,689	\$	7,787,468
Resource properties				6,751,659		6,751,659
Total Assets	\$	102,779	\$	14,436,348	\$	14,539,127
Total Liabilities	\$	128,685	\$	16,428,061	\$	16,556,745

As at June 30, 2020

		Canada		United States		Total
Other Assets	\$	85,957	\$	2,637,667		2,723,624
Resource properties		-		6,727,449		6,727,449
Total Assets	\$	85,957	\$	9,365,116	\$	9,451,073
Total Liabilities	\$	102,433	\$	8,707,911	\$	8,810,344

		Canada		United States		Total
Loss before income tax for three months ended September 30, 2020	\$	(196,425)		(2,426,322)	\$	(2,622,747)
Loss before income tax for three months ended September 30, 2019	\$	(221,456)	\$	(2,385,907)	\$	(2,607,363)

15. COMMITMENTS

The Company has commitments to incur resource property payments as disclosed in Note 8.

On June 16, 2020, the Company entered into a \$2.7 million USD construction contract for the commencement of surface earthworks with MK Weeden, a Lewistown, Montana company. Through September 30, 2020, the Company has incurred approximately \$2.35 million under this contract.

As of September 30, 2020, the Company has a complaint against Tintina Montana participating in an anti-mining initiative that failed. The U.S. Federal Election Commission is evaluating the merits of this allegation. Although it is not possible to predict the outcome of the complaint with certainty, the Company believes that it is without merit.

On June 4, 2020, a legal challenge to the MT DEQ's Record of Decision was lodged in the 14th Judicial Court in Meagher County, Montana against the MT DEQ and Tintina Montana Inc., a wholly owned subsidiary by Sandfire America, by a number of groups who oppose resource development in Montana. The Company will continue to review the challenge and will seek to work with the MT DEQ to defend this litigation vigorously. On July 22, 2020, the Company filed a response and is awaiting further instructions from the Court. While the Company does not believe that either of these challenges have any merit, they do have the potential to delay the development timeline.

15. COMMITMENTS (continued)

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 will need to be modified through an administrative proceeding with the MT 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 will determine if the modifications meet the statutory criteria. Once the MT DNRC approves the modifications, the agency's decision is subject to objection and appeal by affected parties.

In September 2018, the ranches submitted applications to the MT DNRC requesting to modify their water rights to permit their use to mitigate the water beneficially used in the Black Butte operations. On March 13, 2020, the MT DNRC issued Preliminary Determinations to Grant (PDG) the change applications, finding that the applications met the statutory criteria. Pursuant to statutory requirements, the MT DNRC issued a public notice of the determination, which gave affected parties the opportunity to file objections to the MT DNRC's determination. Because the MT DNRC received objections to the PDGs, the objections will be heard by a MT DNRC hearing examiner in an administrative contested case proceeding. After the hearing examiner issues a final order on the applications, the non-prevailing party will have the opportunity to appeal the decision to the district court or the Montana Water Court. Final decisions by either of those courts are appealable to the Montana Supreme Court.

16. 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.

As at September 30, 2020, the Company had capital resources consisting of cash and cash equivalents. 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.

Refer to Note 1 Nature of operations and going concern.

17. 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.

**SANDFIRE RESOURCES AMERICA INC.
(FORMERLY TINTINA RESOURCES INC.)**
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(Unaudited - Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS (continued)

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.

As at September 30, 2020, the carrying value of the Company's financial instruments approximates their fair value due to their short terms to maturity. The Company's financial assets and liabilities are classified as Level 1.

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, 2020.

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.

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 three months ended September 30, 2020.

As at September 30, 2020, a 10% change in U.S. dollar against Canadian dollar would result in a \$0.2 million (September 30, 2019: \$0.1 million) decrease or increase in the Company's net other comprehensive loss.