SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months (fourth quarter) and year ended December 31, 2017

Dated: April 27, 2018

(All amounts expressed in United States dollars, unless otherwise stated)

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INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is intended to supplement the consolidated financial statements of Sarama Resources Ltd. (the "**Company**" or "**Sarama**") and its subsidiaries for the three months and year ended December 31, 2017.

The consolidated financial statements for the three months and year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at April 30, 2018.

Additional information relating to the Company is available on SEDAR at www.sedar.com under the Company's profile.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's planned exploration and development activities, costs and timing of future exploration, results of future exploration and drilling, timing and receipt of approvals, consents and permits under applicable legislation, and the adequacy of financial resources. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking information. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: our limited operating history, negative operating cash flow and need for additional financing; the early stage of our exploration and the fact that we have no mineral reserves; global economic conditions; our dependence on key management and qualified personnel; exploration, development and mining risks; title and property risks; risks related to the presence of artisanal miners; risks associated with operations in Africa; risks associated with maintaining a skilled workforce; risks relating to government regulations; environmental laws, regulations and risks; uncertainty regarding our ability to acquire necessary permits and comply with their terms; infrastructure risks; uninsurable risks; risks regarding our ability to enforce our legal rights; market factors and volatility of commodity prices; fluctuations in foreign exchange rates; competition; acquisition risks; conflicts of interest; price volatility in publicly traded securities; dilution; dividends and "passive foreign investment company" tax consequences to U.S. shareholders.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, our ability to meet our obligations under our property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on our mineral properties, the timely receipt of required approvals, the price of gold, the costs of operating and exploration expenditures, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. We cannot assure you that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.

OVERVIEW

Sarama is a Canadian-incorporated mineral exploration company whose principal business objective is to explore for and develop gold deposits in West Africa.

The Company was incorporated on April 8, 2010 under the Business Corporations Act (British Columbia). The Company's primary office is located in Perth, Western Australia. The Company's common shares are listed on the TSX Venture Exchange ("**TSXV**"). The Company's symbol is "SWA".

The Company has built and advanced substantial exploration landholdings in prospective and underexplored areas in West Africa, with a central focus on the Houndé greenstone belt in southern Burkina Faso. As at December 31, 2017, the Company has significant interests in three projects with mineral resources and is actively building exploration positions in other prospective areas

The exploration activities are focussed within 4 major project areas in the south west of Burkina Faso;

- South Houndé Project (2.1 Moz Au1 inferred mineral resources[1], 50% interest)
- Karankasso Project JV (0.7Moz Au inferred mineral resources[2], 31% interest)
- ThreeBee Project (0.3Moz Au measured and indicated and 0.1Moz Au inferred mineral resource (historical)[3], 100% interest)
- Koumandara Project

CORPORATE

Treasury

As at December 31, 2017, the Company had cash and cash equivalents of $349,090 and no debt.

Capital

Subsequent to December 31, 2017, the Company announced on March 19, 2018, that it had completed a Private Placement raising gross proceeds of C$4,000,000 from the issue of 40,000,000 common shares at C$0.10 per share. The proceeds of the Private Placement will be used to meet working capital requirements of the Company and to accelerate exploration at its 100%-owned projects including the ThreeBee Project and the recently announced Koumandara Project (refer news release February 2, 2018).

The Private Placement was conducted on a brokered basis to institutional and accredited investors pursuant to prospectus exemptions available under applicable securities laws. A four-month hold period will apply to all of the Shares.

EXPLORATION AND EVALUATION EXPENDITURE

In 2017 the Company has retrospectively applied a voluntary change in accounting policy related to exploration and evaluation expenditure in respect to each area of interest. The new accounting policy in respect to each area of interest is to expense exploration and evaluation expenditure to the profit or loss as incurred. The previous accounting policy in respect to each area of interest was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing. For further information please refer to Changes in Accounting Policies on page 16.

The Company will continue to disclose exploration and evaluation expenditure on a cumulative basis. During the current year the Company incurred a net increase in expenditure of $1,341,322. Gross exploration expenditure this year was $5,369,993 which was offset by funding received from the Company's earn-in partner, Acacia Mining plc, on the South Houndé Project of $4,028,671.

The costs per project area as at December 31, 2017 is as follows;

	Accumulated Expenditure incurred to 31 December 2016	Expenditure incurred in the current year	Earn in Fee received in the current year	Accumulated Expenditure incurred to 31 December 2017
South Houndé	16,515,836	3,998,564	(4,028,671)	16,485,729
ThreeBee	2,009,795	1,446,794		3,456,589
Koumandara	-	54,033		54,033
Other – Burkina Faso **	1,310,613	2,645		1,313,258
Karankasso	1,849,957	(147,632)		1,702,325
Mali	665,343	15,589		680,932
Total	**22,351,544**	**5,369,993**	**(4,028,671)**	**23,692,866**

** "Other – Burkina Faso" comprises properties within the Boromo and Bingo Projects

For the year ended December 31, 2017, the Company incurred exploration expenditures mainly on the South Houndé and ThreeBee Projects. Expenditure on South Houndé of $4.0 million was focussed in areas around the mineral resource as well as early-stage regional targets with main costs being drilling costs at $2.7 million and personnel charges being $0.7 million. Expenditure incurred at the ThreeBee Project of $1.4 million predominantly related to the drilling/field work, general prospecting and data compilation activities, and camp costs at Bondi Deposit ($0.3m). Allocation of administration and technical support was $1.1 million. An amount of $0.1 million in relation to the Serakoro permit was due to the transfer of the permit to the Karankasso Project JV.

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

Burkina Faso

As at December 31, 2017 the Company had interests, directly and indirectly, in twenty two properties covering an area of approximately 3,100km^2 located principally within the southern Houndé Greenstone Belt, approximately 360km south-west of the capital Ouagadougou. The exploration activities are primarily focussed within 4 project areas:

- South Houndé Project
- Karankasso Project
- ThreeBee Project
- Koumandara Project

South Houndé Project

Property Information

The primary exploration focus of the Company has been its South Houndé Project comprising seven properties covering an area of approximately 750 km^2. It is located in the Houndé Belt, which hosts Semafo Inc.'s Mana Gold Mine, Roxgold Inc.'s Yaramoko Gold Mine and Endeavour Mining Corp's Houndé Gold Mine.

On November 27, 2014, the Company signed an earn-in agreement ("**South Houndé Agreement**") with Acacia Mining plc ("**Acacia**"). Under the terms of the agreement, Acacia was required to sole-fund Project exploration and related expenditures of $7 million for the initial 2 years of the earn-in period in order to attain a 50% equity interest in the Project. Acacia has the option to sole-fund a further $7 million exploration and related expenditures through years 3 and 4 of the earn-in period to attain an additional 20% equity interest in the Project. If earn-in milestones are achieved within the required time-frames, Acacia then has the right to acquire an additional 5% interest by declaring a minimum mineral reserve of 1.6 million ounces of gold for the Project. As at December 31, 2016, Acacia has achieved the minimum required expenditure of $7 million and met all conditions required to attain a 50% equity interest in the Project and Acacia elected to take over management of the Project from January 1, 2017.

On February 8, 2016 the Company announced an updated mineral resource estimate[1] of 43Mt @ 1.5g/t Au for 2.1Moz of contained gold (inferred). Cube Consulting Pty Ltd, Orway Mineral Consultants Pty Ltd and Kappes, Cassiday & Associates Australia Pty Ltd prepared the technical report titled "NI 43-101 Independent Technical Report, South Houndé Project, Bougouriba and Ioba Provinces, Burkina Faso", dated March 29, 2016 and filed on SEDAR (www.sedar.com). There are no material differences in the technical information contained in the technical report compared to the disclosure in the February 8, 2016 news release.

Recently Completed Activities

- On August 16, 2017, the Company announced gold mineralisation at the MC Deposit had been extended at depth and along strike in a deep diamond drilling program at the South Houndé Project. The results were from H1 2017 drill program (6 holes comprising 900m reverse-circulation ("**RC**") and 2,000m diamond drilling) that was designed to test depth and strike extensions to high-grade shoots within the mineral resource and form part of an ongoing, multi-faceted exploration program aimed at increasing the Project's mineral resource to support open pit mine development and investigate the potential for underground mining.

  Two of the holes, targeting extensions at the MC Deposit, intersected numerous narrow mineralised zones within felsic intrusive and sediment host units and encountered grades of varying tenor. This is consistent with previous drilling in the local area and it is anticipated that the new drilling, when combined with previously reported results of the program, will support extensions to selected lodes within the lode package of approximately 200m along strike and 400m down-dip from the mineral resource.

  The drilling in the southern area of the MM Deposit, consisting of two holes 550-580m in length, attempted to extend the strike length of higher-grade mineralisation at a vertical depth of approximately 450m and also aggressively targeted a 300m dip extension locally to known mineralisation. While the drilling successfully intersected the targeted lens, demonstrating lithological continuity, the tenor of mineralisation encountered by the two recent holes is not considered significant at these depths. The shoot still has good potential to support open pit mining in the area covered by current drilling and the shoot remains an exploration target for underground mining. Further geological work will be undertaken to better understand the controls mineralisation to improve drill targeting.

  The program also included a modest aircore ("**AC**") drill program of 35 holes totalling 2,200m tested for near surface mineralisation at an oblique orientation to the main mineralised trends. Drilling confirmed the position of known mineralisation and intersected anomalous mineralisation outside the mineral resource.

- Work programs conducted by Acacia in Q4 2017 focussed on field mapping and general prospecting at regional targets and fine-tuning of geological and structural interpretations of drilling in the area of the mineral resource.

Outlook

Acacia continues to see potential and has advised that it intends to continue funding exploration as per the terms of the South Houndé Agreement and approved an exploration budget of USD 4 million for the Project in 2017. Acacia's aim is to increase the current inferred mineral resource of 2.1Moz Au[1] by targeting depth extensions to high-grade shoots and discovery of other mineralisation within the mineral resource area as well as satellite deposits in regional areas of the project.

Work planned for the H1 of 2018 will focus on general prospecting in regional areas, compilation of an updated mineral resource and AC drilling of oxide targets at the Djimmake, Obi and Kenobi Prospects.

Karankasso Project

Property Information

The Karankasso Project ("**Karankasso**") is located approximately 400 kilometres southwest of Ouagadougou, in Burkina Faso. The Project can be accessed by a paved highway with both rail and grid power coming within approximately 65 kilometres.

In September 2014 the Company completed joint venture ("**JV**") negotiations and executed a binding agreement with Savary Gold Corp. ("**Savary**") which resulted in the unified ownership of Sarama's Sérakoro 1 Property and several of Savary's contiguous exploration properties in the southern Houndé Belt. The resultant Karankasso JV was initially 65% owned by Savary and 35% owned by Sarama with Savary the operator as long as it controls a majority interest in the joint venture project.

As at December 31, 2017, the Company held a 30% interest in the Karankasso JV and Savary continues to be the operator.

On October 8, 2015, Savary declared a maiden inferred mineral resource estimate[2] of 9.1Mt @ 2.28g/t Au for 671,000 oz of contained gold.

Exploration activities after the release of the mineral resource estimate have been focussed on extending mineralised lodes as well as generating new exploration targets within the project area. This has involved additional drilling, soil geochemistry and geophysical surveys. Sarama considers the property to have potential to add satellite feed to a regional development scenario.

Recently Completed Activities

- On August 21, 2017, the Company announced that Savary, the operator of the Karankasso Joint Venture released exploration results from a 6,747 metre, phase 3, 109-hole drill program that commenced in June 2017 and concluded in July 2017. The program was designed to evaluate new targets that were developed from the auger drilling program and previous drilling, with a lesser emphasis on the zones with current mineral resource estimates. These included 68 AC holes totalling 2,631 metres and 41 RC holes totalling 4,116 metres. The drilling increased definition within the area of the mineral resource, indicated potential for minor extensions to strike of some of the mineralised lodes and most notably, returned intersections that confirmed auger drilling at the early stage Serakoro West Prospect.
- On September 29, 2017, the JV agreement, which was subject to a binding agreement since September 2014, was formally completed.
- On November 1, 2017, Savary announced a resource update on the Karankasso Project. A revised NI 43-101 report has not been filed as Savary deemed the increase in resource as immaterial.
- Minimal work occurred at the Karankasso Project in Q4 2017, as pursuant to the JV agreement between Sarama and Savary, the $2 million expenditure cap for the current calendar year had been attained during the quarter. Several of the key exploration permits had also expired which precluded further exploration work of significance.
- A metallurgical testwork program was undertaken in H2 2017 to characterise the response of the project's fresh rock mineralisation to processing by a conventional cyanidation flowsheet. Additional testwork, including fine-grinding, flotation, ultra-fine grinding and leach diagnostics, were commissioned to better characterise the metallurgical response of the mineralisation.

Outlook

Given the expired status of exploration permits in the northern portion of the project, minimal work will occur in this area in H1 2018 until the issue is resolved. Metallurgical testwork on the fresh mineralisation in the areas of the mineral resource will continue into Q1 2018, focusing on testwork verification and leach diagnostics.

Exploration will commence in Q1 2018 on the southern portion of the project with AC and RC drill testing of geophysical, soil geochemical and auger drilled targets within the Serakoro Main and Serakoro West Trends.

ThreeBee Project

Property Information

The ThreeBee Project comprises four exploration properties (Djarkadougou, Botoro, Bamako and Bouni) covering an area of 660 km^2 and lies immediately north and east of the South Houndé Project.

The main focus of the project is the Bondi Deposit that lies fully within the Djarkadougou Property, which is located immediately adjacent to and within trucking distance to Sarama's South Houndé Project. The deposit has a historical estimate of mineral resources[3] of 282,000oz Au (measured and indicated) and 150,000 oz Au (inferred).

By virtue of the high-grade Bondi Deposit, the project is highly strategic and will play an important role in the development of the southern Houndé Belt, with ore potentially being trucked to several regional processing facilities, depending on ownership and development configuration.

Refer below to details of the historical estimate of the mineral resource for the Bondi Deposit.

a. *Sarama believes that the historical estimate is relevant to investors' understanding of the property, as it reflects the most recent technical work undertaken in respect of the Bondi Deposit.*
b. *The historical estimate was informed by 886 drillholes, assayed for gold by cyanidation methods, were used to interpret mineralised envelopes and geological zones over the area of the historical estimate. Gold grade interpolation was undertaken using ID² methodology based on input parameters derived from geostatistical and geological analyses assessments. Field measurements and geological logging of drillholes were used to determine weathering boundaries and bulk densities for modelled blocks.*
c. *The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
d. *No more recent estimates of the mineral resource or other data are available.*
e. *Sarama is currently undertaking the necessary verification work in the field and on the desktop that may support the future reclassification of the historical estimate to a mineral resource.*
f. *A qualified person engaged by Sarama has not undertaken sufficient work to verify the historical estimate as a current mineral resource and Sarama is therefore not treating the historical estimate as a current mineral resource.*

Recently Completed Activities

- On September 12, 2017, the Company announced that an 82-hole, 2,800m reconnaissance AC drilling program had intersected shallow, oxide gold mineralisation over broad intervals approximately 4km north-east of its 100%-owned Bondi Deposit. The drill results demonstrate the potential to add mineral resources to the Project, building on the existing historical estimate of mineral resources for the Bondi Deposit and underscore the value of the property in the development of the southern Houndé Belt with new gold discoveries potentially being highly accretive to various development scenarios being contemplated. The mineralisation intersected in the program is interpreted to be proximal to the contact zone of an intrusive unit that cuts a regionally extensive band of mafic volcanic rocks. While drill density is limited and doesn't facilitate interpretation of mineralised lodes, the preponderance of broad mineralisation in successive holes within a drill fence and a geologically diverse environment indicates exploration potential and warrants immediate follow-up. The recent announcement by Teranga Gold Corporation of high grade discoveries at their Golden Hill Project further highlights the geological potential of the Djarkadougou Property which is situated immediately south of this new discovery.

Outlook

The Company will continue its two-pronged strategy of systematic regional exploration for discovery of new mineralisation and secondly, validation of the large amount of historical data concentrated in the Bondi Deposit area with a view to generating new and extensional targets.

Desktop work, associated with integration of historical data for the Botoro Property will continue, along with field reconnaissance and surface prospecting activities.

Field prospecting work will re-commence at the Bamako Property where historical reconnaissance drilling returned encouraging intersections. Limited exploration work has been conducted on this property since 2013 given the Company's focus on the South Houndé Project.

Koumandara Project

Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 600 km^2 in the Banfora Belt and lies 80km west of the South Houndé Project. Historical work conducted by the Company has resulted in the identification of significant zones of gold-in-soil anomalism and encouraging scout drilling results which are aligned with regional structural features, illustrating the region's prospectivity.

Recently Completed Activities

- The amalgamation of the Nyarafo and Noumoudara Properties into the Nya-Nou Property (225km^2) was granted by the Government of Burkina Faso on November 3, 2017.
- Binding agreements in respect of the Noumousso, Kapoguan and Kongoroba Properties were entered into with two Burkina Faso-based parties on December 15, 2017.

Outlook

The Company intends to conduct regional prospecting, mapping and desktop evaluation activities at the Koumandara Project with a view to generating and fine-tuning drill targets. The Company is still awaiting renewal of the exploration permit for the Danfora Property.

Mali

The Company has interests in one property covering 110 km^2 in Mali. Since the fourth quarter of 2016, the Company has not conducted any field activities in Mali.

Outlook

The Company is not planning any activities for the fourth quarter of 2017 apart from desktop evaluation.

Qualified Persons' Statement

Scientific or technical information in this disclosure that relates to the Company's exploration activities in Burkina Faso is based on information compiled or approved by Guy Scherrer. Guy Scherrer is an employee of Sarama Resources Ltd and is a member in good standing of the Ordre des Géologues du Québec and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Guy Scherrer consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the preparation of the South Houndé Project's mineral resource estimate is based on information compiled or approved by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama Resources Ltd. Adrian Shepherd is a Chartered Professional Member in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Adrian Shepherd consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the metallurgical testwork at the South Houndé Project is based on information compiled or approved by Fred Kock. Fred Kock is an employee of Orway Mineral Consultants Pty Ltd and is considered to be independent of Sarama Resources Ltd. Fred Kock is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Fred Kock consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure, in respect of the Bondi Deposit relating to mineral resource and exploration information drawn from the Technical Report prepared for Orezone on that deposit has been approved by Guy Scherrer. Guy Scherrer is an employee of Sarama Resources Ltd and is a member in good standing of the Ordre des Géologues du Québec and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Guy Scherrer consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the preparation of the Karankasso Project's mineral resource estimate is based on information compiled or approved by Eugene Puritch and Antoine Yassa. Eugene Puritch and Antoine Yassa are employees of P&E Mining Consultants Inc. and are considered to be independent of Savary Gold Corp. and Sarama Resources Ltd. Antoine Yassa is a member in good standing of the Ordre des Géologues du Québec and Eugene Puritch is a member in good standing of Professional Engineers Ontario. Eugene Puritch and Antoine Yassa have sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which they are undertaking to qualify as a Qualified Person under National Instrument 43-101. Eugene Puritch and Antoine Yassa consent to the inclusion in this disclosure of the information, in the form and context in which it appears. Sarama has not independently verified the mineral resource estimate for the Karankasso Project using a Qualified Person because Savary is the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate compiled by Savary.

SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following information has been extracted from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the quarters ended December 31.

Please refer to Results of Operations for analysis of Operations for the three months and year ended 31 December 2017 compared to the three months and year ended 31 December 2016.

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 16

	2017 $	2016 $ Restated	2015 $ Restated
Interest income - year to date	732	834	3,077
Net profit/(loss) for the quarter	(532,353)	122,330	281,421
Net profit/(loss) per share for the quarter - basic and diluted (cents)	(0.4)	0.1	0.3
Net loss year to date	1,785,855	4,064,224	1,063,191
Net loss per share year to date - basic and diluted (cents)	1.4	3.9	1.2
Total assets	2,487,905	2,937,886	3,085,718
Total liabilities	438,792	1,797,861	663,892

RESULTS OF OPERATIONS

Quarters ended December 31, 2017 and 2016

	Q4 2017 $	Q4 2016 $ Restated	Variance $
Income			
Interest income	9	163	(154)
Expenses			
Accounting and audit	2,153	-	(2,153)
Corporate development	2,173	25,718	23,545
Directors fees	14,449	10,229	(4,220)
Exploration expenditure as incurred	541,154	1,564,508	1,023,354
Insurance	25,251	24,100	(1,151)
Marketing and investor relations	15,724	30,368	14,644
Office and general	33,699	26,277	(7,422)
Professional fees	15,643	37,441	21,798
Salaries	219,600	144,457	(75,143)
Stock-based compensation	-	-	-
Travel	45,257	36,028	(9,229)
Foreign exchange (gain)/loss	16,640	61,475	44,835
Total general and administration	931,743	1,960,601	1,028,858
Depreciation	1,940	3,186	1,246
Fair value loss/(gain) on warrants carried at fair value through profit or loss	(401,322)	(2,085,954)	(1,684,632)
Net profit/(loss)	**(532,352)**	**122,330**	**(654,682)**

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 16

The Company reported a loss of $532,352 ($0.004 per share) for the quarter ended December 31, 2017, compared to a profit of $122,330 ($0.001 per share) in the quarter ended December 31, 2016. The increase in loss is mainly due to a smaller decrease in the quarterly movement of the share price and a decreased total number of outstanding warrants in the fourth quarter of 2017 compared to the comparative quarter in 2016, resulting in a lesser gain on warrants carried at fair value through profit or loss (negative variance of $1,684,632). This was offset by lower exploration expenditure in 2017 fourth quarter compared to the 2016 fourth quarter due to the acquisition costs of acquiring the Bondi deposit in 2016.

Year ended December 31, 2017 and 2016

	YTD 2017 $	YTD 2016 $ Restated	Variance $
Income			
Interest income	732	834	(102)
Expenses			
Accounting and audit	24,432	33,790	9,358
Corporate development	35,602	65,140	29,538
Directors fees	57,063	66,484	9,421
Exploration expenditure as incurred	1,341,322	1,591,068	249,746
Insurance	35,872	35,468	(404)
Loss on sale of financial assets	-	212,368	212,368
Marketing and investor relations	68,541	75,180	6,639
Office and general	171,063	230,845	59,782
Professional fees	74,157	100,394	26,237
Salaries	751,183	762,236	11,053
Travel	120,015	90,894	(29,121)
Stock-based compensation	266,246	33,947	(232,299)
Foreign exchange (gain)/loss	(30,208)	54,398	84,606
Total general and administration	2,915,288	3,352,212	436,924

	YTD 2017 $	YTD 2016 $ Restated	Variance $
Depreciation	9,177	13,544	4,367
Fair value loss/(gain) on warrants carried at fair value through profit or loss	(1,137,878)	433,588	1,571,466
Loss from discontinued operations	-	265,714	265,714
Net loss	**1,785,855**	**4,064,224**	**2,278,369**

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 16

The Company reported a loss of $1,785,855 ($0.014 per share) for the year ended December 31, 2017, compared to a loss of $4,064,224 ($0.021 per share) in the year ended December 31, 2016. The reduction in loss is mainly due to a decreased valuation in the fair value of outstanding warrants (positive variance $1,571,466) as a result of reduction in Sarama's share price and the number of warrants outstanding at the end of the year compared to the comparable period in 2016. The majority of warrants issued in September 2014 quarter were exercised in the first quarter of 2017 with the balance expiring by June 30, 2017. A loss of $265,714 was recognised from discontinued operations in relation to the wind up of the Liberian operations (positive variance $265,714).

General and administration costs were lower by $436,924 for the year ended December 31, 2017 compared with the corresponding period in 2016. Notable positive variances include a decrease in corporate development (positive variance $29,538) and Office and General (positive variance $59,782) due to Liberian administrative costs associated with closing the operation in 2016. In addition a loss of $212,368 was recorded in 2016 from the sale of financial assets. During the 2016 year the Company subsequently sold shares it had received as consideration for the sale of its Liberian operations (positive variance $212,368). The positive variances were offset by increased travel by management to Burkina Faso (negative variance $29,121) and Stock-based compensation (negative variance $232,299) due to increased number of options granted in 2017 compared to 2016. Gain on foreign exchange (positive variance $84,606) was due to the strengthening of the US dollar for expenditure incurred in Australia, Canada and Burkina Faso.

SUMMARISED UNAUDITED QUARTERLY RESULTS

Summarised unaudited quarterly results for the past eight quarters are:

Quarter ended	Interest income ($)	Net profit/(loss) for the period ($) Restated	Basic earnings/(loss) per share (cents)	Diluted earnings/(loss) per share (cents)
December 31, 2017	9	(532,352)	(0.4)	(0.4)
September 30, 2017	311	(499,419)	(0.4)	(0.4)
June 30, 2017	30	21,031	0.0	0.0
March 31, 2017	382	(775,114)	(0.7)	(0.7)
December 31, 2016	163	122,330	0.1	0.1
September 31,2016	372	(2,313,812)	(2.1)	(2.1)
June 30, 2016	8	(1,260,022)	(1.2)	(1.2)
March 31, 2016	291	(612,720)	(0.6)	(0.6)

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 16

The primary driver for the variance in net profit and loss across multiple quarterly periods is due to the write-off of exploration permits and the revaluation of warrants carried at fair value through profit or loss.

Other components within the net profit/loss are general and administrative costs of running the Perth office, foreign exchange gains and losses, stock-compensation costs and depreciation.

LIQUIDITY AND CAPITAL RESOURCES

At this point in time, the Company does not generate cash from mining operations. In order to fund its exploration and administrative activities, the Company is dependent upon raising capital through the issue of shares and warrants. The Company continues to believe such financing will be available, as and when required and on acceptable terms but there is no guarantee that is the case.

As at December 31, 2017 the Company had working capital surplus of $29,065 (December 31, 2016: deficit $501,955). Working capital is defined as current assets less current liabilities. Adjusted for the elimination of the financial liability relating to the warrants, adjusted working capital is a surplus of $184,793 (December 31, 2016: $494,663).

COMMON SHARE DATA (as at April 27, 2018)

Common shares outstanding	181,710,402
Options issued to directors, executive officers, employees and a consultant	13,460,000
Warrants issued to shareholders and agents	25,406,057
Common shares outstanding assuming exercise of all options and warrants	220,576,459

RISK AND UNCERTAINTIES

The Company's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to:

1. exploration and development risk;
2. market factors and volatility of commodity prices;
3. negative operating cash flow and the need for additional financing;
4. limited operating history;
5. global economic conditions;
6. price volatility in publicly traded securities;
7. title and property risks;
8. dependence on key management and qualified personnel;
9. risks associated with operations in Africa;
10. risks associated with maintaining a skilled workforce;
11. risks relating to government regulations;
12. environmental laws, regulations and risks;
13. uncertainty of acquiring necessary permits and compliance with terms;
14. infrastructure risks;
15. uninsurable risks;
16. enforcement of legal rights;
17. risks relating to the presence of artisanal miners;
18. fluctuations in foreign exchange rates;
19. competition;
20. acquisition risks;
21. conflicts of interest;
22. dilution;
23. dividends;
24. PFIC classification; and
25. pandemic risks.

For a detailed explanation of each of these risks number 1 to 24, please refer to page 19 of the Company's Annual Information Form dated September 1, 2016. The Company's Annual Information Form is published at www.sedar.com.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended December 31, 2017, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

There has been a voluntary change in accounting policy as detailed below:

Exploration and Evaluation Accounting Policy

The financial report has been prepared on the basis of a retrospectively applied voluntary change in accounting policy related to exploration and evaluation expenditure in respect of each area of interest.

The new accounting policy in respect of each area of interest is to expense exploration and evaluation expenditure to the profit or loss as incurred.

The previous accounting policy in respect of each area of interest was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

The directors believe that this change in policy will result in more relevant and reliable information in the financial report.

Impact on Financial Statements

As a result of the change in the accounting policy for exploration and evaluation expenditure in relation to each area of interest, prior year financial statements had to be restated. The amounts disclosed in statement of loss for the year ended December 31, 2016 reporting period and in the statement of financial position as at December 31, 2016 and December 31, 2015 respectively are after the change in accounting policy for exploration and evaluation expenditure.

RECENT ACCOUNTING PRONOUNCEMENTS

The following pronouncements issued by the IASB that are not yet mandatorily applicable to the Company together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods are discussed below.

IFRS 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after January 1, 2018) addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2015, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The directors anticipate that the adoption of IFRS 9 will not have a significant impact on the Company's financial statements.

IFRS 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after January 1, 2018) replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The directors anticipate that the adoption of IFRS 15 will not have a significant impact on the Company's financial statements.

IFRS 16: Leases (applicable to annual reporting periods beginning on or after January 1, 2019) introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows;

- recognition of right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciation of right to use assets in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non lease components and instead account for all component as a lease;

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of IFRS 16 will not have a significant impact on the Company's financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Footnotes

1. *South Houndé Project - 43.0 Mt @ 1.5 g/t Au (reported above cut-off grades ranging 0.3-2.2 g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the inferred mineral resources having reasonable prospects for eventual economic extraction). The effective date of the Company's inferred mineral resource estimate is February 4, 2016. For further information regarding the mineral resource estimate please refer to the technical report titled "NI 43-101 Independent Technical Report South Houndé Project Update, Bougouriba and Ioba Provinces, Burkina Faso", dated March 31, 2016. The technical report is available under Sarama Resources Ltd.'s profile on SEDAR at www.sedar.com.*
2. *Karankasso Project - 9.2 Mt @ 2.3 g/t Au (at a 0.5 g/t Au cut-off). The effective date of the Karankasso Project JV mineral resource estimate is October 7, 2015. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report and Resource Estimate on the Karankasso Project, Burkina Faso", dated October 7, 2015. The technical report is available under Savary Gold Corp's profile on SEDAR at www.sedar.com. Sarama has not independently verified Savary's mineral resource estimate and takes no responsibility for its accuracy. Savary is the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate.*
3. *4.1Mt @ 2.1g/t Au for 282,000 oz Au (measured and indicated) and 2.5Mt @ 1.8g/t Au for 149,700 oz Au (inferred), reported at a 0.5 g/t Au cut-off. The historical estimate of the Bondi Deposit reflects a mineral resource estimate compiled by Orezone Gold Corporation ("Orezone") which has an effective date of February 20, 2009. The historical estimate is contained in a technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated February 20, 2009 (the "Bondi Technical Report") and is available under the profile of Orezone on SEDAR at www.sedar.com.*