

SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months (first quarter) ended March 31, 2018

Dated: May 31, 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 condensed consolidated financial statements of Sarama Resources Ltd. (the "**Company**" or "**Sarama**") and its subsidiaries for the three months ended March 31, 2018.

The condensed consolidated financial statements for the three months ended March 31, 2018 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 May 31, 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 March 31, 2018, 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 resources¹, 50% interest)
- Karankasso Project JV (0.7Moz Au inferred mineral resources², 30% 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 March 31, 2018, the Company had cash and cash equivalents of \$2,749,488 and no debt.

Capital

On January 8, 2018, the Company announced that it had granted 7,390,000 options to directors, officers, employees and consultants of the Company. The option grant is the result of the Company's annual compensation review. This granting of options is made in accordance with the Company's stock option plan which was approved by shareholders on September 28, 2017 and allows for the issuance of a number of options up to 10% of its rolling issued and outstanding common shares. The options have an exercise price of C\$0.11, will vest over the next six months and are exercisable for a period of 3 years.

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.

On March 29, 2018, the Company issued 200,000 common shares to Xinga Gold SARL as consideration for a reduction in the net smelter royalty from 4% to 1% in relation to the Kandiolé Sud Exploration Property in Mali.

EXPLORATION AND EVALUATION EXPENDITURE

In 2017 the Company 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 12.

The Company will continue to disclose exploration and evaluation expenditure on a cumulative basis. During the current period the Company incurred a net increase in expenditure of \$295,235. Gross exploration expenditure the March 2018 quarter was \$706,420 which was offset by funding received from the Company's earn-in partner, Acacia Mining plc, on the South Houndé Project of \$411,185.

The costs per project area as at March 31, 2018 is as follows;

	Accumulated Expenditure incurred to 31 December 2017	Expenditure incurred in the current period	Earn in Fee received in the current period	Accumulated Expenditure incurred to 31 March 2018
South Houndé	16,485,729	405,284	(411,185)	16,479,828
ThreeBee	3,456,589	239,745	-	3,696,334
Koumandara	54,033	41,324	-	95,357
Other – Burkina Faso **	1,313,258	-	-	1,313,258
Karankasso	1,702,325	-	-	1,702,325
Mali	680,932	20,067	-	700,999
Total	23,692,866	706,420	(411,185)	23,988,101

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

For the quarter ended March 31, 2018, the Company incurred exploration expenditures mainly on the South Houndé and ThreeBee Projects. Expenditure on South Houndé of \$0.4 million was focussed in areas around the mineral resource as well as early-stage regional targets with main costs being drilling costs at \$0.1 million and personnel and logistic charges being \$0.3 million. Expenditure incurred at the ThreeBee Project of \$0.24 million related to the drilling/field work, general prospecting data compilation activities and permit renewals (\$0.04 million), plus allocation of administration, camp and technical support of \$0.2 million.

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

Burkina Faso

As at March 31, 2018 the Company had interests, directly and indirectly, in twenty two properties covering an area of approximately 3,100km² 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 km². 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 estimate¹ 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

- Field work programs conducted by Acacia in Q1 2018 largely focussed on regional target areas. Field mapping, termitaria sampling and other general prospecting was conducted at the various prospect areas in the Tankoro and Ouangoro Corridors. A gradient IP survey was conducted at the Yankadi and Ben Prospects which are advanced stage targets having been previously tested by AC drilling.
- A minor amount of AC drilling was completed at the Djimbake Prospect in the south-west of the Tankoro Corridor. The drilling will infill between existing drill fences with a view to extending known near-surface mineralisation.
- Desktop work conducted by Acacia continued to focus on the fine-tuning of geological and structural interpretations of drilling in the area of the mineral resource. This work will form the foundation of a mineral resource update being undertaken by SRK Consulting (UK) Limited, anticipated to be completed in Q3 2018.

Outlook

Acacia 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 3.7 million for the Project in 2018. Acacia's aim is to increase the current inferred mineral resource of 2.1Moz Au¹ 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 March 31, 2018, 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 estimate² 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 March 19, 2018, Savary announced drill results from a 3,700 metre, 63-hole, air core and reverse circulation drill program that was completed in February 2018 on the Karankasso JV Project. The first phase drill program focussed on the southern concession block where the 2017 program indicated follow-

up drilling was required. The goal of the program included following up on drill intercepts from 2017, testing new geological models, re-testing some of the stronger gold-in-auger anomalies that did not return gold intercepts in 2017 and to test 50 to 100 ppb gold-in-auger hole anomalies. The drilling was successful in returning the 2nd and 3rd best drill intercepts for the Serakoro 1 West zone (lens SW-A), which were drilled to test for a shallow north plunge of an intercept that returned **2.55 g/t gold over 17 metres**. Drilling also resulted in two significant drill intercepts **3.59 g/t gold over 11 metres and 1.23 g/t gold over 14 metres**, along lens SW-D, which will require follow-up.

Outlook

Drilling will continue in the second quarter of 2018 with a total of approximately 19,000 metres of auger, air core, reverse circulation and diamond drilling planned for H1, 2018. This is scheduled to be completed by the end of June 2018.

Exploration permits in the northern portion of the project are awaiting final processing and minimal work is planned in this area until receipt of permits. Sarama is awaiting further metallurgical testwork on certain areas of the resource to identify and clarify the causes of material differences in assumed metallurgical recoveries which vary markedly between deposits and zones. The results of the work will be used to better inform Sarama's ongoing investment in the project.

ThreeBee Project

Property Information

The ThreeBee Project comprises four exploration properties (Djarkadougou, Botoro, Bamako and Bouni) covering an area of 660 km² 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 resources³ 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.

Recently Completed Activities

- On February 20, 2018, the Company announced that a series of high-grade gold-quartz veins, extending over a strike length of +3km, had been identified on the Bamako Property which is situated 25km east of the Company's Bondi Deposit in south-west Burkina Faso. In addition to historical high-grade drilling and soil sampling results, recent rock-chip sampling had returned grades up to 18.9g/t Au from the newly exposed quartz-veins. The Company also outlined a large artisanal mining area within a 3km x 2km area associated with the gold-quartz veins, reinforcing the Property's prospectivity for high-grade gold deposits.

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.

A drill program (AC and RC) will be conducted on the Djarkadougou, Bamako and Botoro properties in the second quarter of 2018.

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 continue at the Bamako Property where historical reconnaissance drilling returned encouraging intersections.

Koumandara Project

Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 600 km² 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 (225km²) 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.
- A binding agreement in respect of the Dabokuy Property ("**Dabokuy**") was entered into with Semafo Inc ("**Semafo**") on January 31, 2018 (the "**Dabokuy Agreement**"). The Dabokuy Agreement, subject to novation of a historical agreement, permit transfers and payment of certain government fees and taxes by Sarama, provides for Sarama to acquire a 100% interest in Dabokuy. Semafo will retain a net smelter return royalty of 1.5% in respect of gold produced from Dabokuy in excess of 100koz Au and will have a one-off right to elect to purchase back an interest up to a maximum of 20% in Dabokuy (the "**Back-In Right**"). In the event Semafo elects to exercise its Back-In Right, Semafo will make a cash payment to Sarama equal to 3 times the exploration expenditures incurred by Sarama on Dabokuy on a pro-rata basis. Semafo's Back-In Right will expire the earlier of: (i) 90 days following the filing of a technical report by Sarama that details combined measured and indicated mineral resources on Dabokuy greater than 1Moz Au; and (ii) 45 days after the declaration by Sarama of its intention to commence commercial mining operations at Dabokuy. In the event that Semafo elects to exercise its Back-In Right, Semafo's right to a net smelter return royalty will be extinguished.
- With the acquisition of the 4 new properties to complement Sarama's Nya-Nou Property, the Company is entitled to a 100% interest in the 602km² Koumandara Project which is well positioned in the Banfora Belt and offers exposure to a **45km-long** section of a **district-scale litho-structural break** ("**Banfora East Shear Zone**") which Sarama considers significant in terms of gold emplacement. Gold-in-soil anomalism extends over **43km-long x 10km-wide** corridor, with approximately 25km untested by historical geochemical surveys. Historical reconnaissance reverse-circulation ("**RC**") and aircore ("**AC**") drilling returned significant intersections including:
 - **7m @ 6.86 g/t Au** from 53m in BF_18 (RC, 100% Fresh);
 - **13m @ 2.87 g/t Au** from 10m in BF_08 (RC, 25% Trans / 75% Fresh);
 - **4m @ 10.59 g/t Au** from 30m in BF_08 (RC, 100% Oxide);
 - **3m @ 8.94 g/t Au** from 105m in FRC802 (RC, 100% Fresh); and
 - **15m @ 1.80 g/t Au** from 85m in FRC799 (RC, 100% Fresh).

Outlook

The Company intends to conduct drilling programs on the Koumandara project in the second and third quarter of 2018

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 km² in Mali. Since the fourth quarter of 2016, the Company has not conducted any field activities in Mali.

On April 23, 2018, the Company announced that it had entered into a binding agreement for the sale of its non-core Kandiole Sud Exploration Property, West Mali to Oklo Resources Limited ("**Oklo**") for consideration comprising cash and shares in Oklo for a total value of A\$1M. On May 11, 2018, the Company announced the satisfaction of all conditions precedent in relation to the binding agreement.

Outlook

The Company will work toward the final closure of the agreement with Oklo in 2018.

SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

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

Please refer to Results of Operations for analysis of Operations for the three months ended 31 March 2018 compared to the three months ended 31 March 2017.

	2018 \$	2017 \$ Restated	2016 \$ Restated
Interest income - year to date	235	382	291
Net loss for the quarter	799,994	775,114	612,720
Net profit/(loss) per share for the quarter - basic and diluted (cents)	(0.6)	(0.6)	(0.6)
Total assets	4,866,119	3,079,257	3,085,718
Total liabilities	516,477	1,820,172	1,294,466

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 12

RESULTS OF OPERATIONS

Quarters ended March 31, 2018 and 2017

	Q1 2018 \$	Q1 2017 \$ Restated	Variance \$
Income			
Interest income	235	382	(147)
Expenses			
Accounting and audit	21,550	9,916	(11,634)
Corporate development	2,478	6,138	3,660
Directors fees	14,116	13,388	(728)
Insurance	13,452	9,350	(4,102)
Marketing and investor relations	18,967	28,331	9,364
Office and general	46,415	37,944	(8,471)
Professional fees	11,040	21,396	10,356
Salaries	180,711	179,002	(1,709)
Stock-based compensation	194,800	122,028	(72,772)
Travel	3,583	22,060	18,477
Foreign exchange (gain)/loss	(31,719)	(31,373)	346
Total general and administration	475,393	418,180	(57,213)
Exploration expenditure as incurred	295,235	242,713	(52,522)
Depreciation	1,382	2,732	1,350
Fair value loss on warrants carried at fair value through profit or loss	28,219	111,871	83,652
Net loss	799,994	775,114	(24,880)

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 12

The Company reported a loss of \$799,994 (\$0.006 per share) for the quarter ended March 31, 2018, compared to a loss of \$775,114 (\$0.006 per share) for the quarter ended March 31, 2017 (Negative variance \$24,880).

General and administration costs were higher by \$57,213 for the quarter ended March 31, 2018 compared with the corresponding period in 2017. Stock-based compensation expense increased by \$72,772, due to increase in the number of options granted compared to prior year. This was offset by lower Travel costs (positive variance \$18,477) due to timing of payments. Exploration expenditure increased by \$52,522 compared to the March 2017 quarter due to activity at the ThreeBee Project this year. Fair value loss on warrants was \$28,219 in the March 2018 quarter compared to \$111,871 in the March 2017 quarter (positive variance \$83,652) due to a reduction the Company's share price and a lesser number of outstanding warrants this year.

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)
March 31, 2018	235	(799,994)	(0.6)	(0.6)
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)	(0.6)	(0.6)
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)

Please refer to Change in Accounting Policy with respect to Exploration and Evaluation Expenditure on page 12

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 March 31, 2018 the Company had working capital surplus of \$2,330,980 (December 31, 2017: surplus \$29,065). 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 \$2,514,950 (December 31, 2017: \$184,793).

COMMON SHARE DATA (as at May 31, 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	<u>220,576,459</u>

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 March 31, 2018, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

In 2017 the Company adopted 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, adopted in 2017, 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.

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 period financial statements had to be restated. In order to present comparable financial statements in the current quarter ended March 31, 2018, the amounts disclosed in statement of loss for the period ended March 31, 2017 reporting period 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 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 most recent Karankasso Project JV mineral resource estimate that is supported by a technical report is October 7, 2015. For further information regarding that 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 and prepared 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 and Sarama. The technical report is available under Savary'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. Additional technical work has been undertaken on the Karankasso Project since the Effective Date, including but not limited to, metallurgical testwork, exploration drilling and mineral resource estimation, but Sarama is not in a position to quantify the impact of this additional work on the mineral resource estimate referred to above.*
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.*
 - i. *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 date of February 20, 2009 and prepared by Yves Buro (the "Bondi Technical Report"). Yves Buro is an employee of Met-Chem Canada Inc and is considered to be independent of Orezone and Sarama. The technical report is available under Orezone's profile on SEDAR at www.sedar.com.*
 - ii. *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.*
 - iii. *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.

- iv. The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
- v. No more recent estimates of the mineral resource or other data are available.*
- vi. 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.*
- vii. 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.*

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, 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 quotation of the Karankasso Project's mineral resource estimate is based on information compiled by Paul Schmiede. Paul Schmiede is an employee of Sarama Resources Ltd and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Paul Schmiede 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. Paul Schmiede consents to the inclusion in this disclosure of the information, in the form and context in which it appears. Paul Schmiede and Sarama have not independently verified Savary's mineral resource estimate and take no responsibility for its accuracy.