SARAMA RESOURCES LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the quarter and half-year ended June 30, 2013

(August 29, 2013)

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

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") is intended to supplement the unaudited condensed consolidated financial statements of Sarama Resources Ltd (the "**Company**" or "**Sarama**") and its subsidiaries for the three and six months ended June 30, 2013. The following discussion and analysis of the results of operations and financial condition should also be read in conjunction with the audited consolidated annual financial statements and the notes thereto of the Company for the year ended December 31, 2012.

The condensed consolidated financial statements for the three and six months ended June 30, 2013 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 August 29, 2013.

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 resources or 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 substantial early-stage exploration landholdings in prospective and underexplored areas of Burkina Faso (3,389 km^2), Liberia (883 km^2) and Mali (564 km^2) and is aggressively exploring across its property portfolio.

The Company's strategy is to maintain a presence across three jurisdictions. This provides optionality on its portfolio and allows it to better manage geopolitical risk and events that may affect the Company's ability to operate.

The Company takes a systematic approach to exploration and typically moves through the following steps to achieve its exploration outcomes:

1. regional targeting for permit selection;
2. first-pass broad-based soil sampling;
3. in-fill soil sampling;
4. follow up aircore ("**AC**") and rotary air blast ("**RAB**") drilling;
5. reverse circulation ("**RC**") drilling on identified targets; and
6. diamond drilling on identified targets;

Concurrent with the above steps, the Company may undertake geophysics utilising induced polarisation ("**IP**"), magnetic, gravity and radiometric methods.

SECOND QUARTER HIGHLIGHTS

Burkina Faso

- *Extension of high-grade mineralisation at MM prospect.* During the quarter the Company reported that RC and diamond drilling at its South Houndé Project in south-western Burkina Faso has extended high-grade mineralisation in the southern area of the MM Prospect to a vertical depth of 260m. Associated infill drilling has also confirmed the geological continuity and grade distribution of the interpreted mineralisation system.
- *Consolidation of the Company's land position at its South Houndé Project.* During the quarter the Company reported that it has been granted three new exploration permits in Burkina Faso, including one adjacent to the Company's flagship South Houndé Project, which brings the Company's exploration landholding in this

prospective region to 1,014km². Sarama has been granted new exploration permits for the Bini, Youngou Est and Nianie properties by the Ministry of Mines and Energy.
- *Doubling of the strike length of mineralisation at the MM prospect to 3.8km.* During the quarter the Company reported that extensional drilling at its South Houndé Project has extended the strike length of mineralisation at the MM Prospect to 3.8km, doubling the strike length defined previously.
- *Discovery of a new high grade zone less than 1km from the MM prospect.* During the quarter, the company drilled a zone east of the MM prospect based on results of an IP program conducted in November 2012. This drilling intercepted large zones of high grade mineralisation in both oxide and primary rock which will be the subject of future exploration programs.

Liberia

- *Securing of a new exploration licence in Liberia.* During the quarter the Company reported that it has been granted a new Mineral Reconnaissance Licence, covering ground immediately along strike from a 9km-long, high-tenor gold-in-soil anomaly at its existing Cape Mount exploration property in Liberia. The Company has also been successful in having the terms for two of its other Liberian Mineral Exploration Licences, the Gbarpolu and Grand Bassa properties, extended.
- *Increase in ownership of Liberian interests to 80%.* During the quarter the Company increased its interest by a further 15%, for an aggregate 80% interest, in Pedsam Mining Ltd ("PedSam") in accordance with an earn-in agreement between Sarama and Pedra Mining AS (Norway). PedSam is the owner of three properties, Cape Mount, Gbarpolu and Grand Bassa.

Mali

- *Completion of IP program on the Kandiolé Sud permit.* A broad-spaced IP program was completed on the Company's Kandiolé Sud permit which is located in west Mali approximately 10km east of Papillon Resources' Fekola deposit. The results of the program identified three anomalous areas which warrant further exploration follow up.

CORPORATE

As at June 30, 2013, the Company had cash and cash equivalents of $6,889,328 and no debt.

On May 14, 2013, the Company announced that it had issued 141,192 common shares of the Company as part of the consideration for the purchase of two exploration properties located on the Banfora Belt in south-western Burkina Faso. The agreement to acquire the properties was previously announced on August 27, 2012. These common shares are subject to a statutory hold period which expires four months from the date of issue.

EXPLORATION ACTIVITIES

Burkina Faso

The Company has interests, directly and indirectly, in 23 properties covering an area of 3,389 km^2.

The primary exploration focus of the Company has been the South Houndé Project which is situated in south-west Burkina Faso near the borders of Ghana and Côte d'Ivoire, 260 km south-west of the national capital of Ouagadougou. The South Houndé Project is located in the Houndé Belt, which hosts Semafo Inc.'s 7.0 million ounce Mana Gold Mine and Endeavour Mining Corp's 2.2 million ounce Houndé Gold Project.

During the second quarter, the Company completed 6,651 metres of RC drilling, 1,732 metres of diamond drilling and 13,603 metres of AC drilling in Burkina Faso.

Second quarter exploration was mostly focused on infill drilling for resource estimation, looking for orebody extensions along the MM structure and testing anomalous zones in the Tankoro corridor. Drill depths and targets continued to be guided by conceptual pit shell work to improve drilling efficiency and resource conversion.

The Company's South Houndé Project, where a majority of its exploration activities are undertaken, is situated in the southern part of the Burkina Faso where the climate is typically sub-tropical and receives between 600 and 900 millimetres of annual rainfall. The exploration season in Burkina Faso typically runs from October through to late June with limited activity during the 'rainy season', which runs from July to September.

During the second quarter, the Company was granted three new exploration permits in Burkina Faso. One of the permits, Bini, is adjacent to the Company's South Houndé Project and has a permit area of 127km^2. The other permits, Youngou Est and Nianie, are located in the south-east of Burkina Faso, in close proximity to Endeavour Mining Corporation's 2.0 million ounce Youga Gold Mine. The permit area of Youngou Est is 94.5km^2 and Niane is 18.3km^2.

Tankoro Property

Location and Size

The Tankoro property is part of the Company's South Houndé Project and covers an area of 250 km^2.

Permit Status

In early 2011, the Company entered into an option agreement to acquire the Tankoro permit. The Company had the right to earn up to a 100% interest with a trailing 1.5% Net Smelter Return ("**NSR**") royalty, which the Company has an option to acquire for $1 million at any time after the Company has taken ownership of the permit.

On November 2, 2012, the Company exercised its option to acquire ownership of the Tankoro permit. Pursuant to the agreement with the vendor, the vendor retains the right to a 1.5% NSR for any future mineral production from the Property. The Company retains the right to acquire the NSR for $1 million at any time.

On March 23, 2013, the Burkina Faso Ministry of Mines and Energy issued the exploration permit to a Sarama wholly-owned subsidiary. The permit contained no additional conditions and is valid until December 17, 2014. In accordance with the Burkina Faso Mining Code, the Company can elect to renew the permit for a further three years from this expiry date.

Exploration Update

<u>Historical</u>
In the first half of 2011, initial permit-wide soil sampling programs identified two corridors of anomalous gold-in-soil occurrences. One, a 20 kilometre x 4 kilometre corridor striking north-east and, the second, a 10 kilometre-long corridor striking north-south. Following a successful scout RC drill program in 2011, a large-scale follow-up RC program commenced in January 2012, followed by diamond drilling in February 2012 and the introduction of a RAB rig in April 2012. The 50-man exploration camp established in 2011 to support field activities was expanded in the first quarter of 2012 to accommodate 80 exploration personnel.

Initial scout drilling identified several main prospects including MM, MM East, Phantom, Guy and Obi.

The main exploration focus for the Tankoro property has been the MM Prospect. After a successful scout RC drilling program conducted in late 2011 to test a high-grade gold-in-soil anomaly, subsequent RC and diamond drilling programs totalling 14,200 metres and 13,500 metres respectively were conducted throughout 2012. These programs led to the delineation of a significant mineralised system at the MM Prospect, consisting of stacked lodes extending over a 1.4 kilometre distance along strike and to 250 metres vertical depth. Gold mineralisation appears to be shoot controlled and is of a disseminated sulphide style. The mineralisation is generally hosted in steeply dipping quartz-feldspar-porphyry dykes, many of which extend over a strike length of 1 kilometre. True thicknesses of the lodes vary but are generally greater than 8 metres. The geometry and grades of the mineralisation intersected in the drilling programs appear to be amenable to open pit mining.

In the second quarter of 2012, the Company undertook a 14,000 metre RAB drilling program which was designed to test gold-in-soil anomalies within a 5 kilometre radius of the MM Prospect. This program provided valuable information for planning future exploration within the 20 kilometre-long Tankoro structural corridor.

In the fourth quarter of 2012, a ground-based IP geophysical program was undertaken over the known mineralisation of the MM Prospect. The results showed a reasonable correlation between mineralisation defined by drilling and IP geophysical signatures.

In the first quarter of 2013, the Company completed 4,138 metres of diamond drilling, 12,726 metres of RC drilling and 25,161 metres of AC drilling. The diamond and RC drilling was focused on near-field extensions of mineralisation at the MM Prospect, both along strike and in the footwall and hangingwall lodes. The drilling programs extended the strike length of mineralisation at the MM Prospect by 25% to 1.9 kilometres as well as confirming continuity to a depth of 260 metres vertical. Of note was the definition of a thick (approximately 15m true width), high-grade zone in the south of the mineralised system, which remains open at depth and to the south. The identification of this high-grade zone, combined with its continuity, has led to the generation of a legitimate underground exploration target.

The AC drilling was undertaken to test anomalies identified during the ground-based IP program which occurred in the fourth quarter of 2012 in the Tankoro structural corridor. This drilling confirmed the presence of mineralisation at several prospects which will be further tested with RC drilling.

Following the success of the initial test grid, an expanded IP survey, covering a strike length of 9 kilometres was undertaken to the north and south. The results of this survey are being used successfully to generate drill targets and improve the understanding of the geological setting.

Current quarter

Drilling type	Metres
Diamond	1,732
RC	6,651
AC	13,603

The Company focussed its exploration work on the three main prospects on its Tankoro property, MM, MM East and Phantom, during the quarter.

At the MM and Phantom Prospects, infill drilling was undertaken to support and assist with resource definition and preparation of the maiden resource.

During the quarter the Company commenced drilling an IP target east of the MM Prospect, which following positive drill results, was named the MM East Prospect and is situated in the larger MM East block. The MM East prospect was not detected in original soil sampling programs due to the area showing no gold response due to transported material. Following the IP survey undertaken in November 2012 and scout AC drilling in the area, numerous targets have been generated and are being systematically followed up with drill programs, the results of which are encouraging.

Other Burkina Faso Properties

During the quarter, the Company completed 11,051 metres of follow-up AC drilling on the Danymi, Gbingue, Ouangoro and Werinkera properties. These properties form part of the Company's South Houndé project and lie within a 50km distance from the Company's Tankoro property. The drilling was undertaken to follow up soil sampling anomalies derived from its wide-spaced sampling program completed in 2011. The results of the AC drill programs will be used for evaluation and planning of future exploration programs.

During the quarter, the Company completed a wide-spaced soil sampling program at its newly granted Bini property in line with the Company's systematic exploration approach. Results of the soil sampling program will be used for evaluation and planning of future exploration programs.

Outlook

The Company is planning to complete its maiden resource estimate late in the third quarter of 2013. The estimate will cover the MM, Phantom and MM East Prospects and will use both diamond and RC drill data. The Company is undertaking preliminary metallurgical test work and expects to publish those results with the maiden resource.

Planned field exploration activities were completed during the quarter prior to the onset of the rainy season and are scheduled to resume in October 2013 following the end of rainy season and the ground having suitably dried out to enable field activity to recommence.

Qualified Person's Statement

Scientific or technical information in this MD&A that relates to the Company's exploration activities in Burkina Faso is based on information compiled or approved by Michel Mercier. Michel Mercier is a consultant 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. Michel Mercier consents to the inclusion in this presentation of the information, in the form and context in which it appears.

Liberia

The Company has interests, both directly and indirectly, in five properties covering a total of 883 km^2.

During the quarter, exploration activity was related to ongoing soil geochemistry sampling programs over primary grids on the Grand Bassa property and infill grids on the Gbarpolu property and to a lesser extent on the Cape Mount property. Trenching programs were ongoing on the Cape Mount and Gbarpolu properties with encouraging results received on both properties.

The exploration season in Liberia runs from January to May and October to mid-December. The 'rainy season' commences in May and normally ends in late September. Liberia has a tropical climate with average rainfall of 250 millimetres per month during the 'rainy season'.

In April, 2013, the Company was pleased to receive two -year extensions for its Grand Bassa and Gbarpolu permits. Following initial reconnaissance work and an assessment of prospectivity in light of access and holding costs, the Company took the decision to relinquish its Voinjama Mineral Reconnaissance Licence.

Outlook

The Company will continue to undertake soil sampling and trenching activities on its properties in Liberia with the intention of identifying drill targets for follow up in the 2014 dry season.

Mali

The Company has interests, both directly and indirectly, in four properties covering 564 km^2 in Mali.

Mali has been through a period of political and military instability since the coup d'état of April 2012. The Company continues to monitor the situation in Mali.

The Company maintains an office in Bamako and a small support staff but has moved its expatriate personnel to Burkina Faso.

During the quarter, the Company completed a broad-spaced IP survey at its Kandiolé Sud property in West Mali. The results of the program identified three anomalous areas which warrant further exploration follow up and will be used to plan a future exploration activities. The Kandiolé Sud property is proximal to Papillion Resources' 4.2 million ounce Fekola gold discovery which lies approximately 10 kilometres to its west.

On its other properties, the Company did not undertake any exploration activity.

The Company has not adjusted the carrying value of the capitalised exploration and evaluation costs, except for those permits which have been relinquished. At the date of the filing of this MD&A, it does not believe the assets have been impaired.

SELECTED QUARTERLY INFORMATION

The following table includes selected consolidated financial information since incorporation of the Company, which occurred on April 8, 2010.

	Quarter ended June 30, 2013	Quarter ended June 30, 2012	Quarter ended June 30, 2011
Interest income	$23,565	$18,436	$9,250
Net profit/ (loss)	$4,412	$1,856,052	$(1,081,233)
Basic and diluted earnings/(loss) per common share (cents)	0.0c	3.8c	(3.6c)
Total assets	$30,619,212	$22,490,479	$7,266,580
Total liabilities	$640,288	$1,982,371	$134,217

Sarama delivered a net profit for the quarter ended June 30, 2013 of $4,412. The primary driver was the revaluation at June 30, 2013 of the warrants issued which resulted in a gain of $932,485 for the quarter. The warrant liability represents the liability of the Company for the warrants issued to shareholders and brokers as part of the initial public offering in November 2011 and warrants issued in 2012 as part of the capital raising. The liability is revalued at the end of each quarter and movements are recorded in the Statement of Comprehensive Income.

RESULTS OF OPERATIONS

	Quarter ended June 30, 2013 $	Quarter ended June 30, 2012 $	Six months ended June 30, 2013 $	Six months ended June 30, 2012 $
Interest income	23,565	18,436	52,730	33,844
Fair value gain/(loss) on warrants liability	932,485	2,670,210	3,935,839	(449,903)
Accounting and audit	(49,084)	(21,486)	(64,553)	(33,881)
Salaries	(245,092)	(225,411)	(654,805)	(504,684)
Directors fees	(24,142)	-	(58,318)	(64,299)
Professional fees	(51,957)	(168,847)	(66,608)	(176,760)
Office and general	(47,073)	(49,539)	(159,190)	(169,412)
Travel	(87,466)	(57,790)	(174,142)	(136,867)
Insurance	(16,304)	(13,287)	(51,725)	(49,060)
IPO/raising costs	-	-	-	(36,708)
Total general and administration	(521,118)	(536,360)	(1,229,341)	(1,171,671)
Stock-based compensation	(49,149)	(72,411)	(314,395)	(374,475)
Foreign exchange (loss)/gain	(290,705)	(218,855)	(543,555)	98,080
Exploration expenditure written off	(81,818)	-	(81,818)	-
Depreciation	(8,848)	(4,968)	(17,475)	(10,272)
Net profit/(loss)	**4,412**	**1,856,052**	**1,801,985**	**(1,874,397)**

Interest income

Interest income is earned on funds held in Australian Dollar term deposits, Canadian Dollar term deposits and funds held on the transactional accounts across the various currency accounts held by the Company.

Fair value gain/(loss) on warrant liability

The Company issued a total of 10,243,012 warrants as part of the offer to shareholders and brokers during the initial public offering ("**IPO**") process. In accordance with IFRS, value was ascribed to these warrants at the time of IPO, being November 2, 2011, using the Black-Schöles Option Pricing Model. An additional 7,944,445 warrants were issued as part of the capital raising that occurred in October and November 2012 bringing the total warrants on issue of 18,187,457.

The warrants are revalued each reporting period using the Black-Schöles Option Pricing Model. For the quarter ended June 30, 2013 the warrants were revalued downwards to $288,599 ($4,224,438 at December 31, 2012) which is carried as a financial liability on the Consolidated Statement of Financial Position. For the quarter ended June 30, 2013 the revaluation resulted in the recognition of a fair-value gain on warrants carried at fair value through the Statement of Comprehensive Income/(Loss) of $932,485 (gain of $3,935,839 for the six months to June 30, 2013). The movement in the valuation is driven by the reduction in the share price between the valuation dates.

Foreign exchange gain/ (loss)

The Company holds cash reserves in Australian Dollars, Canadian Dollars, United States Dollars, Euros and West African Francs to fund exploration and evaluation activity and pay general and administration costs. The foreign exchange gains and losses disclosed represent fluctuations in the exchange rates of non-United States dollar cash balances.

General and administration

General and administration expenses have decreased by $15,242 to $521,118 compared to the quarter ended June 30, 2012. General and administrative expenses represent the costs incurred in maintaining the administration function in Perth, Western Australia and associated listing costs including investor relations. Key movements noted were:

- Accounting and audit costs have increased by $27,598 to $49,084 is due to the final audit fees for 2012 recognised in May 2013.
- Salaries have increased by $19,681 to $245,092 due to the increase in salaries at January 1, 2013.
- Professional fees have decreased by $116,890 to $51,957 due to significant decreases in legal and taxation advisory fees.
- Travel has increased by $29,676 to $87,466 due to an additional investor relations conference being attended in 2013.

Stock-based compensation

The Company operates a TSXV and shareholder approved stock option plan.

In accordance with that plan, on February 20, 2012, the Company issued 1,125,000 options to directors, executives, employees and a consultant and on January 31, 2013, the Company issued 1,005,000 options to directors, executives, employees and a consultant.

The Company's accounting policy with respect to stock-based compensation is detailed in Note 2 "Significant Accounting Policies" in the Consolidated Financial Statements for the year ended December 31, 2012.

With regard to the two option issues mentioned above, the value of the options was calculated using the Black-Schöles Option Pricing Model. The assumptions used in the model for each of the issues are as follows:

	February 20, 2012	January 31, 2013
Volatility	95%	95%
Expected option life	2.5 – 3 years	2.5 – 3 year
Risk-free interest rate	1.14%	1.00%
Dividend yield	0%	0%

The vesting conditions for both sets of options are that 50% vest immediately and 50% vest 12 months from the date of grant. As a result, the cost of the stock-based compensation for the non-vested component is recognised progressively through the Consolidated Statement of Comprehensive Income. The fair value of stock options granted in the first quarter of 2013 and the final vested portion of the 2012 options was estimated at $314,395 and at June 30, 2013, the unvested portion not yet recognised was $114,326.

Depreciation

The depreciation charge relates to the assets held at the Perth office. The charge has increased in the quarter ended June 30, 2013 when compared to the quarter ended June 30, 2012 by $3,880 to $8,848 in line with the increase in the number of fixed assets in use in the Perth office.

EXPLORATION AND EVALUATION EXPENDITURE

The Company capitalises all acquisition and exploration costs associated with the property until the property is placed into production, sold or abandoned. The Company capitalised $3,043,163 (June 30, 2012 – $4,1470,802) for the quarter ended June 30, 2013 on exploration and evaluation activities, and $120,963 on property, plant and equipment (June 30, 2012 – $181,688).

The following table summarises the costs by key activity incurred during the quarter.

Exploration and evaluation expenditure	**Burkina Faso $**	**Mali $**	**Liberia $**	**Total $**
Geochemistry	136,619	-	15,603	152,222
Laboratory costs	78,033	-	-	78,033
Drilling	1,623,528	-	-	1,623,528
Land tenure	238,872	-	49,945	288,817
Administration	783,675	23,318	175,388	982,381
Exploration expenditure written off	-	(16,735)	(65,083)	(81,818)
Total for the quarter ended June 30, 2013	2,860,727	6,583	175,853	3,043,163
Cumulative exploration and evaluation expenditure at December 31, 2012	13,023,510	368,319	3,018,137	16,409,966
Total for the quarter ended March 31, 2013	2,982,807	26,098	274,216	3,283,121
Cumulative exploration and evaluation expenditure as at June 30, 2013	18,867,044	401,000	3,468,206	22,736,250

SUMMARISED QUARTERLY RESULTS

The Company became a reporting issuer in November 2, 2011. Quarterly information has been prepared for the quarters back to and including the quarter ended December 31, 2011.

Summarised quarterly results for the past six quarters are:

Quarter ended	Interest income	Net profit/(loss) for the period	Basic earnings/(loss) per share	Diluted earnings/(loss) per share
June 30, 2013	$23,565	$4,412	0.1c	0.0.c
March 31, 2013	$29,165	$1,797,573	3.10c	3.10c
December 31, 2012	$8,297	$(3,117,424)	(5.50c)	(5.50c)
September 30, 2012	$12,261	$(2,401,075)	(4.70c)	(4.70c)
June 30, 2012	$18,435	$1,856,052	3.80c	3.80c
March 31, 2012	$28,462	$(3,723,684)	(7.22c)	(7.22c)
December 31, 2011	$15,982	$1,203,509	2.70c	2.20c

The primary driver for the variance in net profit and loss over the quarters is the movement in the value of the warrant liability. As described on page 8 of this MD&A, the warrant liability is recalculated at the end of each quarter. The calculation of the liability is sensitive to the share price at the end of each quarter.

If the effect of the movement in the warrant liability is removed, the loss incurred by Sarama each quarter is broadly consistent quarter on quarter. The only other components of the net profit and loss are the 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. The Company continues to believe such financing will be available, as and when required.

As at June 30, 2013 the Company had working capital of $6,713,728. Working capital is defined as current assets less current liabilities and does not include financial liabilities carried at fair value.

USE OF PROCEEDS

The Company recently updated its forecast in the “Use of Proceeds” table in the Prospectus dated October 10, 2012. The column headed “Actual” reflects costs to June 30, 2013.

12 Month Expenditure Plan	**Budget $**	**Actual $**
Burkina Faso		
General and administration and permit payments	1,800,000	2,574,317
Drilling	3,631,250	5,385,752
Soils, trenching & mapping	243,750	375,417
Geophysics	550,000	243,057
	6,225,000	**8,578,543**
Liberia		
General and administration and permit payments	400,000	562,060
Drilling	800,000	-
Soils, trenching & mapping	336,000	263,406
	1,536,000	**825,466**
Mali		
General and administration and permit payments	115,000	168,853
Soils, trenching & mapping	70,000	-
	185,000	**168,853**
Total Exploration	**7,946,000**	**9,572,862**
Head office general & administration	1,800,000	1,930,505
Total Expenditure	**9,746,000**	**11,503,367**
Closing Cash Balance	**8,254,000**	**6,889,328**

The Company's actual use of the proceeds from its capital raising activities of October and November 2012 are consistent with the budgeted activities disclosed at that time.

Drilling activity has been higher than originally planned in Burkina Faso. This has been due to the original exploration programs outlining more drill targets than first thought and additional metres of drilling to better define the mineralisation in anticipation of the maiden resource.

Drilling activity in Liberia originally planned has been deferred to the 2014 exploration season.

CONTRACTUAL OBLIGATIONS

The Company has the following commitments relating to its office lease and office equipment at June 30, 2013:

	June 30, 2013 **$**	**December 31, 2012** **$**
Less than one year	43,696	55,224
Between 1 and 2 years	-	17,456
Total	43,696	72,680

COMMON SHARE DATA (As at August 27, 2013)

Common shares outstanding	66,118,702
Options issued to directors, executive officers, employees and a consultant	5,055,000
Warrants issued to shareholders and agents	18,187,457
Common shares outstanding assuming exercise of all options and warrants	89,361,159

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. the Company's limited operating history;
2. negative operating cashflow and the need for additional financing;
3. early stage exploration and no mineral resources or mineral reserves;
4. global economic conditions;
5. dependence on key management and qualified personnel;
6. exploration, development and mining risks;
7. title and property risks;
8. risks related to the presence of artisanal miners;
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. market factors and volatility of commodity prices;
18. fluctuations in foreign exchange rates;
19. competition;

20. acquisition risks;
21. governance risk, including conflicts of interest;
22. price volatility in publicly traded securities
23. dilution;
24. dividends;
25. passive foreign investment corporation classification; and
26. political risk.

For a detailed explanation of each of these risks number 1 to 25, please refer to page 34 of the Company's Annual Information Form dated August 23, 2012. The Company's Annual Information Form is published at www.sedar.com.

The Company has added political risk to its list of key risks and uncertainties since release of the Company's Annual Information Form last year. The political and resulting military events that have occurred in Mali in 2012 and which continue in 2013 highlight the increased likelihood of events which may affect the Company's ability to operate in the region.

OFF-BALANCE SHEET TRANSACTIONS

During the quarter ended June 30, 2013, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2013 Sarama adopted the following IFRS:

- IAS 1 *Presentation of Financial Statements* ("IAS 1") **-** IAS 1 was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. The Company adopted IAS 1 on January 1, 2013. The adoption of this amendment did not result in any adjustments to other comprehensive income or comprehensive income.

- IFRS 10 *Consolidated Financial Statements ("*IFRS 10") – IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more of the entities. The Company reviewed its consolidation methodology and determined that the adoption of IFRS 10 did not result in a change to the consolidation status of its subsidiaries.

- IFRS 11 *Joint Arrangements ("*IFRS 11") – IFRS 11 presents a new model for determining whether entities should account for joint arrangement using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. Sarama reviewed its joint arrangements and determined that the adoption of IFRS 11 did not result in any changes in accounting for its joint arrangements.

- IFRS 12 *Disclosure of Interest in Other Entities ("*IFRS 12") – IFRS 12 aggregates and amends disclosure requirements included within other standards. The standard requires an entity to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The application of IFRS 12 had no impact on the consolidated statement of comprehensive income or the consolidated statement of financial position.

- IFRS 13 *Fair Value Measurement ("*IFRS 13") – IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. Sarama adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by Sarama to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2012. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the table below. The following have not been adopted and are being evaluated to determine their impact on the Company:

- IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

- IAS 36 *Impairment of Assets* ("IAS 36") – IAS 36 was amended regarding disclosure requirements and is effective for years beginning on or after January 1, 2014.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company’s Annual Information Form, is available on SEDAR at www.sedar.com.