

**SARAMA RESOURCES LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**

**For the three months (first quarter) ended March 31, 2017**

**(May 30, 2017)**

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

## **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, 2017.

The unaudited condensed consolidated financial statements for the three months ended March 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 May 30, 2017.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://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. As at March 31, 2017, the Company held interests in exploration landholdings in Burkina Faso (approximately 2,900km<sup>2</sup>) and Mali (110 km<sup>2</sup>).

The Company has centred its focus on Burkina Faso to capitalise on its significant land holdings and in-depth understanding of the geology and its in-country presence and infrastructure.

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

- South Houndé Project
- Karankasso Project JV
- Koumandara Project
- Bondi/Botoro/Bamako ("**ThreeBee**") Project

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. geological mapping;
4. follow up aircore ("AC") and rotary air blast ("RAB") drilling;
5. reverse circulation ("RC") and diamond drilling on identified targets;
6. further specialised geological studies and surveys in specific areas;

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

## **FIRST QUARTER 2017 HIGHLIGHTS**

### **EXPLORATION**

#### **South Houndé Project**

During the quarter a total of 981 metres of RC pre-collars and 2,330 metres of diamond core tails were drilled into two high grade shoots (“Chewbacca” and “Yoda”) on the MM Zone and into a separate high grade shoot (“Jabba”) on the MC Zone structures at Tankoro. Regionally, 11,490 metres of Aircore drilling was completed on the Ouangoro prospect anomaly which is situated approximately 10 kilometres east of the Tankoro Mineralised Corridor and mapping and surface sampling was conducted across other regional prospects.

#### *Tankoro - MM and MC Zones*

During the quarter Acacia Mining plc (“Acacia”) continued a programme of drilling to test the down-plunge extensions of higher grade gold mineralisation related to interpreted cross structures at the MM and MC Zones within the Tankoro resource. Acacia adopted a “results based” phased strategy to drilling, “cycling” the rig between the Chewbacca, Yoda, Anakine and Jabba zones within the MM and MC parallel mineralised zones.

The current phase of drilling continues to target interpreted high grade domains associated with coincident cross-structures and high grade shoots and is applying the learnings from previous exploration programs. RC and diamond core drilling elsewhere on the Tankoro Mineralised Corridor is focused on the northeast extension of the mineralised system at the Phantom East prospect where significant high grade intercepts were received in recent programs. Diamond core drilling is planned at the Guy prospect, which is a multi-kilometre gold-in-soil anomaly occurring at the intersection of the Tankoro Mineralised Corridor (NE strike) and the Guy Corridor (north-south structure) and this is anticipated to be completed during the second quarter.

#### *Ouangoro Anomaly*

Aircore drilling was undertaken on the Ouangoro Anomaly with 19 regional 1 kilometre spaced traverses across a 15 kilometre x 4 kilometre zone of semi-continuous gold-in-soil geochemical anomalism along an interpreted NNE-trending linear geophysical anomaly. The traverses have been completed and final results are being interpreted but typically mineralisation in drilling and observed in artisanal workings is associated with quartz veins in weathered greywacke, siltstone and sandstone lithologies. Acacia anticipates that infill aircore drilling will be completed as Phase 2 of the programme once all results are received and have been interpreted.

#### **Karankasso JV Project**

Exploration drilling recommenced on the Karankasso JV Project in January, 2017. This drilling was part of an on-going drill program commenced in November, 2016 which was designed to increase data density and improve confidence in existing zone interpretations in the current resource and to extend known zones and test new gold-mineralised systems. In addition to this drilling, further IP geophysical, auger drilling and soil sampling surveys were undertaken. In March 2017, selected downhole intersections from the Serakoro 1 area of the JV were highlighted in news releases by Sarama’s JV partner, Savary Gold Corp. (“Savary”) and included:

HE-RC-17-006	11m @ 2.26 g/t Au	from 84m	<i>including 4m @ 4.00 g/t Au from 89m</i>
HE-RC-17-007	3m @ 2.51 g/t Au	from 64m	<i>including 1m @ 6.50 g/t Au from 64m</i>
HE-RC-17-009	7m @ 1.85 g/t Au	from 28m	<i>including 3m @ 3.19 g/t Au from 32m</i>
HE-RC-17-010	4m @ 2.20 g/t Au	from 50m	<i>including 2m @ 3.90 g/t Au from 52m</i>
HE-RC-17-012	17m @ 2.55 g/t Au	from 18m	<i>including 7m @ 3.45 g/t Au from 27m; and 1m @ 11.05 g/t Au from 32m</i>
HE-RC-17-014	3m @ 2.26 g/t Au	from 34m	<i>including 1m @ 5.44 g/t Au from 35m</i>
HE-RC-17-019	6m @ 14.66 g/t Au	from 30m	<i>including 4m @ 21.69 g/t Au from 31m; incl. 1m @ 78.10 g/t Au from 32m</i>
	5m @ 1.69 g/t Au	from 47m	

Subsequent to this release, further results from the quarter 1, 2017 exploration drill program were released on April 10, 2017 encompassing 41 holes totalling approximately 4,500 metres of reverse-circulation ("RC") drilling with the following selected downhole intersections being highlighted:

<b>Serakoro 1 Main</b>		
HE-RC-17-030	5m @ 2.04 g/t Au from 19m	<i>including 1m @ 6.01 g/t Au from 23m</i>
<b>Karangosso Zone</b>		
HE-RC-17-044	3m @ 3.62 g/t Au from 84m	
HE-RC-17-046	9m @ 1.66 g/t Au from 81m	<i>including 2m @ 5.44 g/t Au from 88m</i>
<b>Diosso South Zone</b>		
HE-RC-17-051	5m @ 3.12 g/t Au from 81m	<i>including 2m @ 6.72 g/t Au from 82m</i>
HE-RC-17-053	5m @ 3.38 g/t Au from 100m	<i>including 1m @ 14.25 g/t Au from 101m</i>
HE-RC-17-057	2m @ 19.91 g/t Au from 74m	
HE-RC-17-060	18m @ 1.92 g/t Au from 10m	<i>including 9m @ 3.14 g/t Au from 12m, and 3m @ 6.86 g/t Au from 18m</i>
HE-RC-17-062	6m @ 2.33 g/t Au from 122m	
HE-RC-17-064	17m @ 1.72 g/t Au from 85m	<i>including 1m @ 11.10 g/t Au from 86m, and 1m @ 6.37g/t Au from 92m</i>
<b>Kueredougou West Trend Zone</b>		
HE-RC-17-066	4m @ 3.25 g/t Au from 80m	<i>including 2m @ 6.28 g/t Au from 80m</i>
HE-RC-17-067	13m @ 1.26 g/t Au from 115m	<i>including 4m @ 2.54 g/t Au from 121m</i>
HE-RC-17-070	4m @ 2.74 g/t Au from 99m	
HE-RC-17-071	8m @ 1.54 g/t Au from 119m	<i>including 2m @ 3.58 g/t Au from 124m</i>

On May 5, 2017, the balance of drill results from quarter 1, 2017 exploration drilling were released, encompassing 24 holes totalling approximately 2,380 metres of RC drilling with the following selected downhole intersections being highlighted:

<b>S-Nosa Zone</b>		
HE-RC-17-084	15m @ 1.34 g/t Au from 70m	<i>including 7m @ 2.43 g/t Au from 80m</i>
HE-RC-17-085	4m @ 13.05 g/t Au from 95m	
HE-RC-17-089	3m @ 4.32 g/t Au from 81m	
<b>Kueredougou West Trend Zone</b>		
HE-RC-17-02	7m @ 2.96 g/t Au from 20m	<i>including 3m @ 6.45 g/t Au from 21m</i>

(mineralisation true widths are estimated at 65-80% of listed downhole intersection lengths)

Follow-up drilling on selected targets is planned for Q2 2017 with approximately 125 RC and Air Core drill holes totalling up to 8,000m being planned to test select gold-in-auger anomalies and potential resource extensions.

### ThreeBee Project

During the first quarter, Sarama's team focused exploration efforts on its 100% owned Bondi deposit, the 100% owned Bamako permit and also the recently acquired and 100% owned Botoro permit (refer news release May 16, 2017). Exploration activity included desk top review and verification of Bondi data, soil geochemistry surveys and geological mapping on the Botoro permit and follow up of high grade drill results from the Bamako permit.

## **CORPORATE**

### **South Hounde Project – Earn-In Agreement with Acacia Mining plc**

Effective January 1, 2017 and pursuant to the Earn-In Agreement (the “Agreement”) between Sarama and Acacia in respect of the South Houndé Project (the “Project”) in Burkina Faso (refer News Release November 27, 2014), Acacia achieved the minimum required expenditure of USD 7 million and met all conditions required to attain a 50% equity interest in the Project. Pursuant to the Agreement, Acacia elected to take over management of the Project which has allowed Sarama’s team to focus exploration efforts on its 100% owned ThreeBee Project and Koumandara Project, both of which overlie prospective greenstone terrane within the Houndé and Banforo Belts respectively.

Under the terms of the Agreement, Acacia was required to sole-fund Project exploration and related expenditures of USD 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 USD 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.

### **Treasury**

As at March 31, 2017, the Company had cash and cash equivalents of \$1,138,050 and no debt.

### **Capital**

During the 2017 first quarter, proceeds of C\$20,000 were received upon the exercise of 100,000 options, exercisable at C\$0.10, and exercise of 50,000 warrants, exercisable at C\$0.20. On February 16, 2017 the Company also implemented an Incentive Program to encourage the early exercise of warrants originally issued between May 30 and July 4, 2014 (collectively, the “Original Warrants”), each exercisable at C\$0.20. An aggregate of 7,263,333 Original Warrants were exercised, resulting in gross proceeds to the Company of C\$1,452,666.60. The proceeds from the early exercise of the Original Warrants will be used to advance the exploration of the Company’s resource properties and to fund administrative expenses.

In connection with the Incentive Program, the Company issued an aggregate of 3,615,040 incentive warrants, exercisable until March 17, 2019 at a price of C\$0.35 each to acquire an aggregate of 3,615,040 additional common shares of the Company

## **EXPLORATION ACTIVITIES**

### **Burkina Faso**

As at March 31, 2017 the Company had interests, directly and indirectly, in twenty-two properties covering an area of approximately 2,900km<sup>2</sup> 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 JV
- Koumandara Project
- ThreeBee Project

## South Houndé Project

The primary exploration focus of the Company has been its South Houndé Project comprising seven properties covering an area of approximately 750 km<sup>2</sup>. 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 with Acacia Mining plc ('Acacia'). Under the terms of the agreement, Acacia was required to sole-fund Project exploration and related expenditures of USD 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 USD 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 USD 7 million and met all conditions required to attain a 50% equity interest in the Project.

On February 8, 2016 the Company announced an updated mineral resource at the South Houndé Project. The new Resource Estimate was 43Mt @ 1.5g/t Au for 2.1Moz of contained gold (in the inferred mineral resource category), including 13.5Mt @ 1.2g/t Au of oxide material for 0.5Moz contained gold (in the inferred mineral resource category)(see Table 1). The Resource Estimate also includes 12.1 Mt @ 2.7 g/t Au<sup>7</sup> for 1.1 Moz of contained gold (in the inferred mineral resource category), reflecting higher grade shoots within the mineralised system. 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](http://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.

**Table 1 - Inferred Mineral Resource: South Houndé Project<sup>1,2</sup>**

Depth Below Surface <sup>3,4</sup>	Material Type <sup>5</sup>	Reporting Cut-off Grade <sup>6</sup>	Tonnage Above Cut-off Grade	Average Grade Above Cut-off Grade	Contained Gold Above Cut-off Grade	Metal Contribution
		g/t Au	Mt	g/t Au	koz Au	
0-200m	Oxide	0.3	13.5	1.2	498	24%
	Transition	0.8	2.5	1.4	113	5%
	Fresh	0.8	25.0	1.5	1,237	59%
	Sub-total		41.0	1.4	1,849	88%
>200m	Fresh	2.2	2.0	3.9	250	12%
<b>Total Mineral Resource</b>			<b>43.0</b>	<b>1.5</b>	<b>2,099</b>	<b>100%</b>

Table 1 Notes:

1. Mineral resources are not mineral reserves and do not demonstrate economic viability.
2. All tonnage, grade and ounces have been rounded and minor discrepancies in additive totals may occur.
3. Depth below surface classification used as a guide to assess the modelled mineralisation for likelihood of reasonable prospects of eventual economic extraction and is not supported by a preliminary economic assessment or a feasibility study. The classification does not imply that mineral resources demonstrate economic viability.
4. Mineral resources reported above and below 140mRL, corresponding to a depth of approximately 200m below surface.
5. Weathering classification is based on visual assessment of drill core and cuttings by geologists and does not represent a definitive geometallurgical classification.
6. Cut-off grades were determined using a gold price of US\$1500/oz, metallurgical recoveries supported by testwork and based on oxide material being processed by heap leach flowsheet and fresh and transition material being processed by a flotation+BIOX®+CIL flowsheet.
7. Inferred mineral resources of 12.1 Mt @ 2.7 g/t Au for 1.1 Moz Au reported above 1.6 g/t Au.

## *Outlook*

Acacia continues to see potential and has advised that it intends to continue funding exploration as per the terms of the 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<sup>1,2</sup> 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. Acacia's proposed exploration program for Calendar year 2017 includes 12,000 metres of diamond core, 10,000 metres of reverse circulation and 28,000 metres of aircore drilling.

Pursuant to the Agreement, Acacia elected to take over management of the Project from January 1, 2017. This has allowed Sarama's team to focus exploration efforts on its 100% owned Bondi deposit and the adjacent 100% owned Botoro and Bamako permits (ThreeBee) and also the 100% owned Koumandara Project, all of which overlie prospective greenstone terrane within the Houndé and Banforo Belts.

## **Karankasso Joint Venture**

The Karankasso Property (the "Property") is located approximately 400 kilometres southwest of Ouagadougou, in Burkina Faso. The Property 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 negotiations and executed a binding agreement with Savary. This followed a Heads of Agreement signed between the parties on March 10, 2014 (refer Sarama news release dated March 11, 2014). The Karankasso Project Joint Venture (the "Karankasso JV") unified the operatorship of Sarama's 250 km<sup>2</sup> Sérakoro 1 property and Savary's 500 km<sup>2</sup> Houndé South property ("Houndé South") in Burkina Faso. The resultant Karankasso JV company 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.

Both companies have transferred their permits into the joint venture structure in accordance with the agreement.

The Karankasso JV is situated adjacent to Sarama's South Houndé Project. Savary's Houndé South property is comprised of two late term exploration permits, Diosso and Mandiasso, covering a total of 375 km<sup>2</sup> and two newer exploration permits, Kelesso and Fakoto, covering 125 km<sup>2</sup>, for a total area under license of 500 km<sup>2</sup>. Savary earned its 100% interest in the Houndé South property from Endeavour Mining.

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

On October 8, 2015, Savary declared a maiden Inferred Mineral Resource estimate of 671,000 ounces of contained gold at the Karankasso Project JV in Burkina Faso. Key elements of this estimate include:

- 0.67 Moz Au contained in pit shell constrained Inferred Mineral Resources - 9.2 Mt @ 2.3 g/t Au (at a 0.5 g/t gold cut-off)
- Inferred Mineral Resources contained within six zones all of which remain open down dip and along strike
- Cyanide bottle roll tests on seven samples from three separate zones suggest average fresh rock recoveries in excess of 90% (see Savary news release August 21, 2014)
- Geological modelling and resource estimation work was undertaken by Savary and independent consultants and is based on 194 reverse circulation and diamond drill holes totalling 23,210 metres

**Table 2 – Pit Constrained Mineral Resource Estimate and Sensitivity Summary – Karankasso Project JV**

Zone	Au Cut-Off	Mineralization Type	Tonnes	Au g/t	Au oz
Summary	0.5 g/t Resource Estimate	Saprolite	916,000	1.96	57,700
		Sap Rock	1,135,000	2.10	76,500
		Fresh	7,111,000	2.35	536,800
		Total	9,162,000	2.28	671,000
	1.0 g/t Resource Estimate Sensitivity	Saprolite	717,000	2.30	52,900
		Sap Rock	876,000	2.49	70,100
		Fresh	6,122,000	2.60	512,200
		Total	7,715,000	2.56	635,200

Table 2 Notes

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues..
2. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
3. The Karankasso Property Resource Estimates were prepared by Eugene Puritch, P. Eng. and Antoine Yassa, P. Geo. from P&E Mining Consultants Inc., Qualified Persons under NI 43-101 who are independent of the Company
4. The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
5. The gold price used in this estimate was the Aug 31/15 approximate two year trailing average of US\$1,250/oz. Gold recovery was 93% and mining costs were US\$2.75/tonne. Processing and G&A costs combined were US\$18.50/tonne. Pit optimization slopes were 50 degrees. Bulk densities used for the resource estimate were as follows; Saprolite 1.98 t/m<sup>3</sup>, Sap Rock 2.45 t/m<sup>3</sup> and Fresh Rock 2.80 t/m<sup>3</sup>.
6. The effective date of the Mineral Resource Estimate will be October 7, 2015.
7. This mineral resource estimate has been generated by Savary and Sarama takes no responsibility for its accuracy.

During the period from April 21, 2015 to June 30, 2015, 115 reverse circulation drill holes were completed on the Property for a total of approximately 14,514 metres of drilling. Following the drill program the various zones were interpreted by Savary and resource model wire frames were provided to P&E Mining Consultants Inc. for validation and subsequent resource estimation.

Mineral Resources have been estimated for six zones: Kien East, Kueredougou, Kueredougou West, Diosso South, Kueredougou West Trend and Karangosso, along an approximate 21 kilometre strike length in the northern half of the property. Approximately 20% of the Pit constrained Inferred Mineral Resources are oxidized saprolite and sap rock with the remainder of the resources in fresh rock. The Kien East Zone is the largest of the six deposits containing approximately 3.6 million tonnes of Pit constrained Inferred Mineral Resources grading 1.65 g/t gold totalling 191,000 ounces. The Kueredougou West Zone is the second largest zone with Pit constrained Inferred Mineral Resources of 1.9 million tonnes grading 2.12 g/t gold totalling approximately 130,000 ounces. The Kueredougou Main Zone is the highest grade containing 0.8 million tonnes of Pit constrained Inferred Mineral Resources grading 3.31 g/t gold totalling 85,000 ounces followed closely by the Kueredougou West Trend Zone containing Pit constrained Inferred Mineral Resources of 0.6 million tonnes grading 3.28 g/t gold totalling 66,000 ounces.

Resource estimation utilized 3D constraining wireframes, capped 1m composites (capped between 20g/t and 30 g/t) and inverse distance cubed (1D3) grade interpolation.

#### *Outlook*

Phase two of the 2016/17 drill program, totalling approximately 10,000 metres in approximately 90 drill holes, commenced in January, 2017 and was completed in early April, 2017. Phase three of the program is scheduled to commence in May, 2017 and comprises approximately 8,000 metres of RC and aircore drilling. The drill

program's aim is to increase data density in existing zone interpretations, improve confidence in the current resource and extend known zones and test new gold-mineralised systems.

### **Koumandara Project**

The Koumandara project comprises two properties covering an area of 338 km<sup>2</sup> and lies 80km west of the South Houndé Project.

The 177 km<sup>2</sup> Nyarafo permit is in an exceptional extension stage and is awaiting the emittance of the arrete. No exploration was conducted over the permit in 2016.

The 161 km<sup>2</sup> Noumoudara permit is in an exceptional extension stage and is awaiting the emittance of the arrete. No exploration was conducted over the permit in 2016.

The Company intends to maintain the Koumandara Project in good standing and small exploration programs are planned for 2017 pending receipt of the arretes.

### **Bondi/Botoro/Bamako ("ThreeBee") Project**

The ThreeBee Project comprises three properties covering an area of 482 km<sup>2</sup> and lies immediately north and east of the South Houndé Project.

The ThreeBee Project includes the Djarkadougou permit (168km<sup>2</sup>) acquired from Orezone Gold Corporation ("Orezone") as announced on May 23, 2016 and December 12, 2016 and is currently in the process of transfer from Orezone to Sarama. The Bondi Deposit lies fully within the Djarkadougou permit, which is located immediately adjacent and within trucking distance to Sarama's South Houndé Project. The deposit has a historical estimate of Mineral Resources of 282,000oz Au (measured and indicated) and 150,000 Au (inferred). Please refer below to details of the Bondi deposit resource.

Also included in the Project is the Bamako permit (90km<sup>2</sup>) that lies approximately 20km to the east and the Botoro permit (224 km<sup>2</sup>) which has recently been acquired and is situated approximately 4km to the south-east of the Djarkadougou permit.

The Company has commenced exploration programs across all three permits, including desk top review and verification of Bondi data, soil geochemistry surveys and geological mapping on the Botoro permit and follow up of high grade drill results from the Bamako permit.

#### *Notes to Resource - Bondi Deposit*

*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.*

- a. 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.*
- b. 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.*
- c. 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 ID<sup>2</sup> 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.*
- d. The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
- e. No more recent estimates of the mineral resource or other data are available.*
- f. 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.*
- g. 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.*

## **Other Projects**

### **i) Boromo Project**

The Boromo Project comprises three properties covering an area of 462km<sup>2</sup> and lies approximately 50km NW of the South Houndé Project. This Project includes the Kassiora (143km<sup>2</sup>), Namare (171km<sup>2</sup>) and Bouni (148km<sup>2</sup>) permits.

### **ii) Bingo Project**

The Bingo Project comprises three properties covering an area of approximately 298km<sup>2</sup> which lie adjacent to the producing Youga Mine (MNG Gold) in southern Burkina Faso.

## *Exploration Update*

### Historical 2013

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 extensions to 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 vertical metres. 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 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 (permit within the South Houndé Project) 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 have been used successfully to generate drill targets and improve the understanding of the geological setting.

In the second quarter of 2013, the Company completed 1,732 metres of diamond drilling, 6,651 metres of RC drilling and 13,603 metres of AC drilling. The Company focused its exploration work on the three main prospects on its Tankoro property, namely, MM, MC and Phantom.

At the MM and Phantom Prospects, infill drilling was undertaken to support and assist with resource definition and preparation of the maiden mineral resource. The Company also commenced drilling an IP target east of the MM Prospect, which following positive drill results, was named the MC Prospect. The MC Prospect was not detected in original soil sampling programs as the area had no gold anomalism 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.

During the third quarter of 2013 no field activities were undertaken on the Tankoro Property. The Company normally has an annual shutdown for the period from July to September due to the onset of the rainy season in West Africa, which makes field activities less productive.

The focus of the Company during the third quarter was the interpretation of data by the technical team resulting in the Company publishing its maiden Mineral Resource<sup>5</sup> on the Tankoro Property. The Inferred Mineral Resource of 29.13 Mt @ 1.6 g/t Au for 1.5 Moz (@ 0.8 g/t Au cut-off) was published on September 16, 2013 following two years of exploration work. The Mineral Resource extends over a strike length of 5.5 km and spans the MM, MC and Phantom Prospects.

During the fourth quarter of 2013, mapping and a limited amount of trenching activity was undertaken at Tankoro. No drilling activity was undertaken at Tankoro during the fourth quarter.

## 2014

During the first quarter of 2014, mapping and trenching activity continued at Tankoro. Consistent with the fourth quarter of the previous year, no drilling was undertaken.

During the second quarter of 2014, the Company undertook a 9,000m AC program targeting oxide material with the aim of increasing the oxide resource to a size that may potentially support a heap leach operation on its South Houndé properties. The target area was situated immediately south west of the MM Prospect and extended over 3km in strike length. The drill program defined a significant strike extension to the MM Prospect and further drilling is anticipated to add materially to the existing oxide mineral resource. Multiple oxide targets remain in footwall zones and zones along trend to the north east of the MM Prospect.

There was also a small amount of trenching and fieldwork undertaken in the quarter.

Preliminary metallurgical testwork on mineralisation sourced from the Mineral Resource<sup>5</sup> continued to show excellent oxidation and leaching characteristics and gold recoveries using the BIOX<sup>®</sup> oxidation route were excellent. Cost estimation work for a BIOX<sup>®</sup> flow sheet indicates that the cost impact is modest and manageable particularly in context of the head grades being considered in mine concept work.

Preliminary heap leach testwork was conducted on oxide mineralisation during the second quarter. The testwork consisted of percolation and agglomeration scouting phases and minor variability testing. A full column leach was conducted on an oxide composite sample dosed at 10kg/t cement. Results were very encouraging, with a gold extraction of 87.2% achieved for the full column test with low-moderate NaCN consumption of 0.2-0.3kg/t. The testwork indicates that heap leaching is a viable processing alternative for the oxide component of the mineral resource.

The Company undertook limited exploration activity at Tankoro during the second quarter. The Company announced the results of its AC drilling program at the Obi prospect in the second quarter (Refer news release dated September 9, 2014) with the result being that the Company delineated another 1.8km of gold mineralisation, bringing the total strike length of semi-continuous mineralisation to 7.3km.

During the third quarter of 2014, in respect of the Tankoro property, the Company progressed a comprehensive metallurgical testwork program to examine the amenability and viability of a sulphide-based flotation concentrate to oxidation by both the BIOX<sup>®</sup> and Albion Process<sup>™</sup> technologies. These competing and commercially used technologies are integrated into a conventional gold plant and act as a pre-conditioning stage for a flotation concentrate prior to gold recovery by standard cyanidation.

The testwork has increased confidence in the economic potential of the South Houndé Project and assists early scoping work being used to guide exploration toward achieving a mineral resource base capable of supporting project development.

While the Company fully acknowledges it has yet to define sufficient mineral resources to contemplate the commencement feasibility studies, the confirmation of two alternative processing flowsheets for the fresh mineralisation by the testwork at this early stage is encouraging.

With the finalisation of the Acacia earn-in agreement in November 2014, activity for the month was primarily centred on establishment work to support the commencement of exploration in December. During the fourth quarter the Company completed 3,400m of AC drilling, 940m of RC drilling and 625m of diamond drilling.

## 2015

During the first quarter, the Company successfully completed an initial program of 7,170m, 2,600m and 4,600m of AC, RC and diamond drilling, respectively, to test:

- high-grade shoot controls at the MM and MC Prospects;
- strike extensions to the current mineral resource, including the Phantom Prospect; and
- new targets to support growth of the Project's oxide mineral resource and to identify additional deeper drilling targets.

The Company also undertook IP geophysical surveys, which included both a gradient-array survey to extend previous IP survey to the north-north-east of the existing mineral resource and a pole-dipole survey to image deeper, sulphide-rich targets at the MM and MC Prospects.

A 9,200 line-km airborne magnetic-radiometric survey was also completed over the entire 760 km<sup>2</sup> Project.

During the second quarter, the Company successfully completed a significant regional and extensional AC drilling program and also a smaller RC and Diamond drilling program to test:

- high-grade shoot extensions and deeper geophysical anomalies at the MM South and MC Prospects;
- strike extensions to the current mineral resource, including the Phantom and Obi Prospects;
- new targets to support growth of the Project's oxide mineral resource and to infill broadly spaced oxide drill fences ; and
- geochemical and geophysical targets within the wider Project area.

Exploration field activities ceased in July with onset the rainy season in Burkina Faso. A significant number of assays were processed through the laboratories in July and early August. Assay results were reviewed and have formed part of the planning of the next phases of drilling.

During the fourth quarter of 2015, field activities for the quarter commenced in November. During November and December, the Company completed 3,700 metres of RC Drilling and 1,300 metres of AC drilling on the Tankoro property.

## 2016

During the first quarter of 2016, the Company completed 1,300 metres of AC drilling, 2,600 metres of RC drilling and 450 metres of diamond drilling at the Tankoro property. In addition, the Company announced an 87% increase<sup>3</sup> in the oxide component of inferred mineral resources to 0.5 Moz<sup>4</sup> of contained gold and a 40% increase<sup>5</sup> in total inferred mineral resources to 2.1 Moz<sup>1</sup> of contained gold at the Project in south-west Burkina Faso. The revised mineral resource estimate represents a substantial increase in modelled gold mineralisation which is interpreted to extend for a strike length of over 10km within the Tankoro Structural Corridor, further demonstrating the scale of the mineralised system.

During the second quarter of 2016, the Company completed 850 metres of AC drilling, 2,800 metres of RC drilling and 1500 metres of diamond drilling at the Tankoro property.

During July 2016, the Company completed 2,700 metres of diamond drilling and 600 metres of AC drilling at the Tankoro property. In mid-July, exploration activities ceased for the third quarter. The drilling mainly focussed on the MM, MC and Phantom East Prospects and tested targets associated with oblique mineralisation, new geophysical anomalies and extensions to the mineral resource at depth. Several encouraging intersections were returned from all prospect areas and follow-up work was planned for Q4 2016.

During the fourth quarter of 2016 the Company completed 1,190 metres of diamond drilling and approximately 6000 metres of AC drilling on various targets within the Tankoro property, primarily the MM, Djimbake and cross-structural zones.

## 2017

Acacia took over management and responsibility of the South Houndé Project on January 1, 2017. Acacia has continued to operate the Project in the same manner as Sarama and is focussed on improving the understanding of mineralisation controls at depth in the MM and MC zones and also conduct further regional exploration with the aim of increasing the size of stated mineral resources across the Project area.

Exploration efforts at the South Houndé Project during the first quarter of 2017 focussed on extending high grade shoots within the MM and MC zones and testing gold anomalies across the broader Project area. Results from this work is being compiled and interpreted and is being used to better refine the geological model and drill targeting. Acacia have successfully intersected extensions to the high grade shoots and are using knowledge gained during this process to target other areas within the Tankoro mineralised corridor including Phantom East and the Guy anomaly. Results from scout drilling across the wider Project area will be incorporated in to future work programs for areas that warrant follow up.

Work is continuing on the Karankasso JV Project with exploration drilling continuing to improve the geological picture but is yet to identify the locus of the mineralisation with current resource sitting across a number of small zones. Drilling is focussed on filling in data gaps, extending known zones and identifying new zones.

The Company acquired the Bondi deposit from Orezone and has commenced assessment and verification of Orezone results and has identified several new target areas for follow up drill programs. The Company has also acquired the Botoro permit which is adjacent to the Djarkadougou permit which hosts the Bondi deposit. The Botoro permit hosts several large scale artisanal mining workings which include concrete lined shafts. Any gold resources delineated on the Botoro permit have the potential to be highly accretive to any new project that Sarama may develop in the area. The Company has a number of other permits in various phases of renewal which will not be actively worked until the permits are either re-issued or renewed.

### ***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 Guy Scherrer. Mr Scherrer is a full time employee of Sarama Resources Ltd and is a member in good standing of the Ordre des Géologues du Québec and has sufficient experience in the commodity, the style of mineralisation under consideration and activities which he is undertaking as a Qualified Person under National Instrument 43-101. Mr Scherrer consents to the inclusion in this MD&A of the information, in the form and context in which it appears.

Scientific or technical information in this MD&A that relates to the preparation of the Company's mineral resource estimate is based on information compiled or approved by Adrian Shepherd. Mr. Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama Resources Ltd. Mr. 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. Mr. Shepherd consents to the inclusion in this MD&A of the information, in the form and context in which it appears.

Scientific or technical information in this news MD&A that relates metallurgical testwork and mineral processing 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 MD&A of the information, in the form and context in which it appears.

### **Mali**

The Company has interests in one property covering 110 km<sup>2</sup> 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.

In 2015, the Company relinquished its office lease in Bamako. All exploration activity and administration is now managed from its Burkina Faso office.

During the fourth quarter of 2016, the Company did not conduct any activities in Mali.

### ***Outlook***

The Company is not planning any activities for the second quarter of 2017.

## 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 March 31.

	2017 \$	2016 \$	2015 \$
Interest income for the quarter	382	291	2,562
Net profit/(loss) for the quarter	(532,401)	(572,854)	(443,344)
Net profit/(loss) per share for the quarter - basic and diluted (cents)	(0.04)	(0.06)	(0.05)
Total assets	25,673,514	23,978,450	23,866,040
Total liabilities	1,820,172	1,294,466	663,892

Please refer to Results of Operations for analysis of Operations for the quarter and year ending 31 March 2017 compared to the quarter and year ending 31 March 2016.

## RESULTS OF OPERATIONS

### Quarters ended March 31, 2017 and 2016

	Q1 2017 \$	Q1 2016 \$	Variance \$
<b>Income</b>			
Interest income	382	291	91
<b>Expenses</b>			
Accounting and audit	9,916	11,950	2,034
Corporate development	6,138	25,839	19,701
Directors fees	13,388	20,804	7,416
Insurance	9,350	6,493	(2,857)
Marketing and investor relations	28,331	2,783	(25,548)
Office and general	37,944	103,872	65,928
Professional fees	21,396	1,563	(19,833)
Salaries	179,002	192,419	13,417
Travel	22,060	21,107	(953)
Stock-based compensation	122,028	33,947	(88,081)
Foreign exchange (gain)/loss	(31,373)	(6,558)	24,815
Total general and administration	418,180	414,219	(3,961)
Depreciation	2,732	3,630	898
Fair value loss on warrants carried at fair value through profit or loss	111,871	137,918	26,047
Fair value (gain) on revaluation of available- for-sale financial assets	-	(46,058)	(46,058)
Loss from discontinued operations	-	63,436	63,436
<b>Net loss</b>	<b>532,401</b>	<b>572,854</b>	<b>40,453</b>

The Company reported a loss of \$532,401 (\$0.04 per share) for the quarter ended March 31, 2017, compared to a loss of \$572,854 (\$0.06 per share) in the quarter ended March 31, 2016. The reduction in loss is mainly due to a decreased valuation in the fair value of outstanding warrants (positive variance \$26,047) as a result of exercise of warrants in the current quarter and a recognition in the 2016 first quarter of loss from sale of its Liberian assets (positive variance \$63,436). This was offset by negative variance of \$46,058 associated with the revaluation of

available for sale financial assets in the 2016 first quarter from the consideration received (shares in Aureus Mining) from sale of its Liberian assets.

General and administration costs were similar during the current quarter compared to 2016 first quarter. Notable variances include a decrease quarter on quarter in Office and general expenses (positive variance \$65,930) due to Liberian administrative costs associated with closing the operation in 2016 plus increased office support, legal and listing fees. Corporate development expenses (positive variance \$19,701) is offset by Marketing and investor relations (negative variance \$25,548) due to reclassification of conference expenses from Corporate development in 2016 to Marketing and investor relations in 2017. Professional fees (negative variance \$19,833) due to legal fees associated with the early exercise of warrants. Stock-based compensation (negative variance (\$88,081) due to increased number of options granted in the current quarter than in the 2016 first quarter. Gain on foreign exchange (positive variance \$24,815) were due to the strengthening of the US dollar for expenditure incurred in Australia, Canada and Burkina Faso.

## EXPLORATION AND EVALUATION EXPENDITURE

The Company capitalises all costs related to the acquisition, exploration and development of mineral properties until such time as a mineral property is put into commercial production, is sold or becomes impaired as allowed under IFRS 6 “Exploration for and Evaluation of Mineral Resources”. The Company has had an increase of \$242,713 for the period ended March 31, 2016 in its carrying value of exploration and evaluation activities.

Total exploration and evaluation expenditure for the year was \$1,046,320 which was offset by funding received from the Company’s earn-in partner of \$803,607.

The capitalised costs per Project area as at March 31, 2017 is as follows;

South Houndé	16,501,444
Karankasso	1,849,957
Bondi	2,197,657
Boromo	1,000,402
Bingo	377,364
Mali	667,433
	<b>22,594,257</b>

## SUMMARISED UNAUDITED QUARTERLY RESULTS

Summarised unaudited quarterly results for the past eight quarters are:

Quarter ended	Interest income	Net profit/(loss) for the period	Basic earnings/(loss) per share	Diluted earnings/(loss) per share
March 31, 2017	\$382	\$(532,401)	(0.4c)	(0.4c)
December 31, 2016	\$163	\$1,666,992	1.4c	1.6c
September 30, 2016	\$372	\$(2,244,472)	(2.2c)	(2.2c)
June 30, 2016	\$8	\$(1,342,668)	(1.2c)	(1.2c)
March 31, 2016	\$291	\$(572,854)	(0.6c)	(0.6c)
December 31, 2015	\$30	\$(2,500,128)	(0.3c)	(0.3c)
September 30, 2015	\$345	\$(2,581,622)	(2.9c)	(2.9c)
June 30, 2015	\$140	\$(465,603)	(0.5c)	(0.5c)

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, 2017 the Company had working capital deficit of \$617,951 (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 \$787,548 (December 31, 2016: \$494,663).

### **COMMON SHARE DATA (as at May 30, 2017)**

Common shares outstanding	128,582,625
Options issued to directors, executive officers, employees and a consultant	9,747,500
Warrants issued to shareholders and agents	<u>24,005,807</u>
Common shares outstanding assuming exercise of all options and warrants	<u>162,335,932</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 June 1, 2016. The Company's Annual Information Form is published at [www.sedar.com](http://www.sedar.com).

## **OFF-BALANCE SHEET TRANSACTIONS**

During the period ended March 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 no change to accounting policies since January 1, 2017.

## **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](http://www.sedar.com).

---

<sup>1</sup>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)

<sup>2</sup> The effective date of the Company's inferred mineral resource estimate is February 4, 2016.

<sup>3</sup> Previous oxide component of the inferred mineral resource estimate was 5.4 Mt @ 1.6 g/t Au for 0.3 Moz Au reported above 0.8 g/t Au (refer to technical report titled "The South Houndé Project, Bougouriba and Ioba Provinces, Burkina Faso, 28 October 2013")

<sup>4</sup> 13.5 Mt @ 1.2 g/t Au for 0.5 Moz Au reported above 0.3 g/t Au

<sup>5</sup> Previous inferred mineral estimate was 29.1 Mt @ 1.6 g/t Au for 1.5 Moz Au reported above 0.8 g/t Au (refer to technical report titled "The South Houndé Project, Bougouriba and Ioba Provinces, Burkina Faso, 28 October 2013")