

FEBRUARY 16, 2017



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SARAMA RESOURCES ANNOUNCES WARRANT INCENTIVE PROGRAM

VANCOUVER, CANADA. Sarama Resources Limited (“Sarama” or the “Company”) announces that it will immediately implement an incentive program (the “Incentive Program”) to encourage the early exercise of up to 10,361,183 warrants originally issued between May 30 and July 4, 2014 (collectively, the “Original Warrants”).

Each Original Warrant is exercisable to purchase one common share of the Company (a “Share”) at \$0.20 per Share until a date three years from the issuance of the Original Warrant. The Company will, from the date of this announcement, issue to a holder of Original Warrants who exercises their Original Warrants on or before March 10, 2017, one-half of one incentive warrant (an “Incentive Warrant”) for each Original Warrant exercised. Each full Incentive Warrant will entitle the holder to acquire an additional Share at a price of \$0.35 per Share for a period expiring March 10, 2019.

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.

If a holder of Original Warrants does not exercise their outstanding Original Warrants on or before March 10, 2017 (or only partially exercises them), their remaining Original Warrants will continue to be exercisable to purchase Shares of the Company on their original terms.

The TSX Venture Exchange has conditionally approved the issuance of the Incentive Warrants. The Company will send a notice to the holders of the Original Warrants outlining the details of the Incentive Program.

Related Party Transaction

Sun Valley Gold Master Fund, Ltd. (“Sun Valley”) is a related party of the Company as a result of owning approximately 14% of the Company’s outstanding Shares. Sun Valley owns or controls an aggregate 2,500,000 Original Warrants.

Mr. Andrew Dinning, a director and President and Chief Executive Officer of the Company owns or controls 500,000 Original Warrants; Mr. Sean Harvey, the Chairman of the Company owns or controls 400,000 Original Warrants; and other directors and executive officers of the Company own or control a combined 365,167 Original Warrants.

The participation in the Incentive Program by, and issuance of Incentive Warrants to Sun Valley and the Company’s directors and executive officers would constitute a “related party transaction” as defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, which has been adopted by the TSX Venture Exchange pursuant to its Policy 5.9 - *Protection of Minority Security Holders in Special Transactions* (the “61-101 Policy”). However, the Incentive Program is exempt from the formal valuation and minority shareholder approval requirements of such instrument and policy, as the Company’s Shares are listed on the TSX Venture Exchange and, in respect of the minority shareholder approval requirement, neither the fair market value of the additional Incentive Warrants, nor the consideration to be received for the Incentive Warrants exceeds 25% of the Company’s market capitalization.

The Incentive Warrants and any Shares issued upon the exercise of the Incentive Warrants will be subject to hold period expiring four months after the date of distribution of the Incentive Warrants.

AUSTRALIA

Suite 8, 245 Churchill Avenue
Subiaco, Western Australia 6008

PO Box 575, Subiaco
Western Australia 6904

T +61 (0) 8 9363 7600
F +61 (0) 8 9382 4309

E info@saramaresources.com
ARBN: 143 964 649

www.saramaresources.com

Material Change Report

A material change report will not be filed 21 days or more prior to closing of the Incentive Program as a result of the timing of the Incentive Program and uncertainty with regards to the quantity of Incentive Warrants issuable to related parties.

Incentive Warrants not Subject to United States Securities Act of 1933

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from registration is available. This announcement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in this Private Placement within the United States or to, or for the account or benefit of, U.S. Persons (as defined under Regulation S under the U.S. Securities Act).

For further information on the Company’s activities, please contact:

Andrew Dinning or Lui Evangelista

e: info@saramaresources.com

t: +61 (0) 8 9363 7600

ABOUT SARAMA RESOURCES LTD

Sarama Resources Ltd (TSX-V: SWA) is a West African focused gold explorer with substantial landholdings in Burkina Faso. Sarama is focused on consolidating under-explored landholdings in Burkina Faso and other established mining jurisdictions.

Sarama’s flagship properties are situated within the Company’s South Houndé Project area in south-west Burkina Faso. Located within the prolific Houndé greenstone belt, Sarama’s exploration programs have built on significant early success to deliver an inferred mineral resource estimate of 2.1 Moz gold^{1,2}. Acacia Mining plc is earning up to a 70% interest in the South Houndé Project by satisfying certain conditions, including funding earn-in expenditures of up to US\$14 million, over a 4-year earn-in period and may acquire an additional 5% interest, for an aggregate 75% interest in the Project, upon declaration of a minimum mineral reserve of 1.6 million ounces of gold.

Sarama holds a 31% participating interest in the Karankasso Project Joint Venture (“**JV**”)³ which is situated adjacent to the Company’s South Houndé Project in Burkina Faso and is a JV between Sarama and Savary Gold Corp. (“**Savary**”). Savary is the operator of the JV and in October 2015, declared a maiden inferred mineral resource estimate of 671,000 ounces of contained gold^{4,5} at the Karankasso Project JV.

Sarama has also agreed to acquire a 100% interest in the Bondi gold deposit from Orezone Gold Corporation (refer news release May 24, 2016). Bondi has a historical estimate of mineral resources of 0.3Moz Au (measured and indicated) and 0.1Moz Au (inferred)^{6,7}.

Together, the South Houndé Project, Bondi deposit and the Karankasso Project form a cluster of advanced gold deposits, within trucking distance of one another, which potentially offers a development option for a multi-source fed central processing facility in the southern Houndé Belt region of Burkina Faso.

Incorporated in 2010, the Company’s Board and management team have a proven track record in Africa and a strong history in the discovery and development of large-scale gold deposits. Sarama is well positioned to build on its current success with a sound exploration strategy across its property portfolio.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information in this news release that is not a statement of historical fact constitutes forward-looking information. Such forward-looking information includes statements regarding the Company's intentions for the use of proceeds from the exercise of the Original Warrants, plans for drilling and geochemical and geophysical surveys at the South Houndé Project, the Earn-In Agreement with Acacia, including the amounts that may be spent on exploration and interests in the South Houndé Project that may be earned by Acacia upon making certain expenditures and estimating a minimum reserve, the potential to expand the present oxide component of the Company's existing estimated mineral resources, and future exploration plans. Actual results, performance or achievements of the Company may vary from the results suggested by such forward-looking statements due to known and unknown risks, uncertainties and other factors. Such factors include, among others, that the business of exploration for gold and other precious minerals involves a high degree of risk and is highly speculative in nature; Mineral Resources are not Mineral Reserves, they do not have demonstrated economic viability, and there is no certainty that they can be upgraded to Mineral Reserves through continued exploration; few properties that are explored are ultimately developed into producing mines; geological factors; the actual results of current and future exploration; changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. There can be no assurance that any mineralisation that is discovered will be proven to be economic, or that future required regulatory licensing or approvals will be obtained. However, the Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, Acacia's continued funding of exploration activities, the Company's ability to carry on its exploration activities, the sufficiency of funding, the timely receipt of required approvals, the price of gold and other precious metals, that the Company will not be affected by adverse political events, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain further financing as and when required and on reasonable terms. Readers should not place undue reliance on forward-looking information.

Sarama does not undertake to update any forward-looking information, except as required by applicable laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

QUALIFIED PERSONS' STATEMENT

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

Scientific or technical information in this news release that relates to the preparation of the Karankasso Project's mineral resource estimate is based on information compiled or approved by Eugene Puritch and Antoine Yassa. Eugene Puritch and Antoine Yassa are employees of P&E Mining Consultants Inc. and are considered to be independent of Savary Gold Corp. and Sarama Resources Ltd. Antoine Yassa is a member in good standing of the Ordre des Géologues du Québec and Eugene Puritch is a member in good standing of Professional Engineers Ontario. Eugene Puritch and Antoine Yassa have sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which they are undertaking to qualify as a Qualified Person under National Instrument 43-101. Eugene Puritch and Antoine Yassa consent to the inclusion in this news release of the information, in the form and context in which it appears.

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

¹ 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)

² The effective date of the Company's inferred mineral resource estimate is February 4, 2016. For further information regarding the mineral resource estimate please refer to the technical report titled "NI 43-101 Independent Technical Report South Houndé Project Update, Bougouriba and Ioba Provinces, Burkina Faso", dated March 31, 2016. The technical report is available under Sarama Resources Ltd.'s profile on SEDAR at www.sedar.com.

³ Sarama has 31% and Savary has 69% ownership interests.

⁴ 9.2 Mt @ 2.3 g/t Au (at a 0.5 g/t Au cut-off)

⁵ The effective date of the Karankasso Project JV mineral resource estimate is October 7, 2015. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report and Resource Estimate on the Karankasso Project, Burkina Faso", dated October 7, 2015. The technical report is available under Savary Gold Corp's profile on SEDAR at www.sedar.com.

⁶ 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

⁷ The effective date of the historical estimate of the Bondi deposit mineral resource estimate is February 20, 2009. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated February 20, 2009. The technical report is available under Orezone Gold Corporation's profile on SEDAR at www.sedar.com.