SARAMA RESOURCES LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the quarter ended March 31, 2012

(May 30, 2012)

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

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") of the operating results and financial position of Sarama Resources Ltd ("**the Company**", "**Sarama**", "**we**", "**us**" or "**our**") should be read in conjunction with the audited consolidated annual financial statements and the notes thereto of the Company for the year ended December 31, 2011 and the unaudited consolidated interim financial statements for the period ended March 31, 2012. These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at May 30 2012. Additional information relating to the Company is available on SEDAR under our profile.

FORWARD-LOOKING STATEMENTS

These consolidated financial statements and MD&A contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to our 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 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. We believe 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 our 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 which may have been used.

OVERVIEW

Sarama Resources Ltd is an early stage mineral exploration company whose principal business objectives are the acquisition, exploration and development of gold properties and resources on the African continent. The Company has acquired interests in gold projects located in Burkina Faso, Liberia and Mali. In Burkina Faso, the Company is earning a 100% interest in each of its principal properties in the South Houndé Project, an area covering approximately 850 km² in the south-west of the country. The Company also holds title to, or has entered into agreements to acquire up to a 100% interest in, a number of other permit areas in Burkina Faso, Liberia and Mali.

During the period ended March 31, 2012 the Company undertook soil sampling surveys, Reverse Circulation ("**RC**") drill programs and continued to review opportunities to acquire permits in line with its consolidation plans in Burkina Faso. In January 2012, the Company commenced an extensive RC drill program on its South Houndé permits, in particular its Tankoro permit where good first-pass RC drill results were achieved. Following receipt of the initial RC drill results, a diamond drill program commenced and in April 2012 the Company started a Rotary Air Blast ("**RAB**") drill program. These drill programs are ongoing and have been designed, in part, to better define the initial discovery and understanding of the geological setting as well as testing more regional targets. Soil sampling programs continue on recently acquired and more outer-lying permits along with mapping and targeting work.

In Liberia, the airborne geophysical surveys commenced in mid-2011 were completed in February 2012 while soil sampling programs commenced in the last quarter of 2011 continue with turnaround of assays being slow. The Company has received partial results which are encouraging and as a result has commenced trenching across anomalous areas to gain better understanding of the geology.

In Mali, the Company's exploration activities are of a smaller scale than in Burkina Faso and Liberia and work for the quarter was focused in West Mali on the Kandiolé Sud permit where the company has an option to acquire 100% of the permit. A first-pass soil sampling program was completed in the first quarter of 2012, the results of which are still pending.

SELECTED ANNUAL INFORMATION

The following table includes selected financial information for the past two years. The Company was incorporated on April 8, 2010.

	March 31, 2012	March 31, 2011
Interest income	$ 28,462	$ 23,724
Net loss	$ 3,723,684	$ 205,427
Basic and diluted loss per share	7.2c	0.7c
Total assets	$ 23,159,126	$ 7,506,338
Total liabilities	$ 4,686,948	$ 70,533

EXPLORATION AND DEVELOPMENT ACTIVITIES

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

Burkina Faso

In Burkina Faso, the Company's activities are focused on the Houndé Greenstone Belt and, in particular, the southern part of the belt where the Company has assembled a large suite of properties. The most advanced of these is the Tankoro Project where soil sampling and initial scout drilling in 2011 identified a number of anomalies, of which the most advanced has been called the MM Prospect. The Company has been drilling continuously with an RC rig since early January 2012 and, following excellent initial drilling results on the MM Prospect, has added a diamond drill and RAB rig to the program. Outlined below is a summary of the status of the principal permits in the southern Houndé Greenstone Belt.

Tankoro

In early 2011, the Company entered an option agreement to acquire the Tankoro permit. The Company has 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.

In 2011, initial permit-wide soil sampling programs identified two corridors of anomalous gold-in-soil occurrences, one a 20km x 4km corridor striking north-east and a second corridor 10km long striking north-south. Following a successful scout RC drill program in 2011, a large-scale follow-up RC program was commenced in January 2012. The 50-man exploration camp established in 2011 to support field activities was expanded during the quarter to accommodate 80 men.

Initial RC drilling results were very encouraging and, as a result, a diamond drill rig was mobilised and an initial 2,800m program undertaken with the primary objective being to gain geological information and determine the nature and orientation of mineralisation. The diamond drill program has been extended and a RAB program commenced to test gold-in-soil anomalies within the vicinity of the MM Prospect. A total of 21,700m of RC and 4,000m of diamond drilling was completed during the quarter.

Namaré

In 2010, the Company entered into an option agreement to acquire a 100% interest in the Namaré permit with a trailing 1.5% NSR royalty.

In late 2010, the Company undertook permit-wide airborne geophysical and soil sampling surveys. The geophysical data identified four areas of interest that are coincident with geochemical anomalies within the permit.

A small scout RC program was completed at the start of the third quarter of 2011 to test several geochemical anomalies and a number of drill holes encountered significant mineralisation. A small auger program was also completed to test several anomalies. Initial exploration work is encouraging and the Namaré permit will be the subject of follow-up exploration work including RAB and RC drilling.

Bouni

The Company entered into an option agreement to acquire the Bouni permit in 2010. The Company has the right to earn up to a 100% interest with a trailing 1% NSR royalty which the Company has an option to acquire for $1 million.

In 2010, soil sampling survey work was undertaken on what was considered the geologically prospective areas of the permit and this identified several kilometre-scale gold-in-soil anomalies. A small scout RC program was completed at the start of the third quarter of 2011 to test several of the identified anomalies and a number of drill holes encountered significant mineralisation which will be the subject of further follow-up exploration work including RAB and RC drilling.

Bamako

In 2011, the Company entered into an option agreement to acquire the Bamako permit. The Company has the right to earn up to a 100% interest with a trailing 1.5% NSR royalty which the Company has an option to acquire for $1 million.

A broad-spaced soil geochemical survey was completed and identified several kilometre-scale gold anomalies. A scout RC drilling program was undertaken on this permit in the second quarter of 2012, the results of which are pending.

Other Burkina Faso properties

The Company has rights over a number of other permits in Burkina Faso and these are at various stages of exploration with some permits being in the early reconnaissance stage and others the subject of soil geochemical surveys. The results of these surveys will be interpreted and used for future targeting of exploration activity.

The Company will continue to undertake follow-up reconnaissance work on these permits including mapping and soil geochemistry surveys with the intent of developing additional exploration targets.

The Company continued to review opportunities to acquire permits as part of its on-going plan to consolidate and improve its land holdings in Burkina Faso. The Company will continue to assess opportunities that fit with its broader strategic objectives.

Liberia

The Company began looking for opportunities in Liberia in early 2011 and during the second quarter it entered into an earn-in agreement to acquire an interest in three permits with a total area of 1,202km^2. In mid-2011 and prior to the onset of the rainy season, the Company commenced flying airborne geophysical surveys on these permits with the balance of these surveys being completed in the first quarter of 2012.

The Company commenced on-ground mapping and soil sampling across these permits in the fourth quarter of 2011 and these programs have continued into 2012. The receipt of assay results has been slow due to turn around times at the assay laboratory. Partial results received from soil sampling on the Cape Mount permit are encouraging and soil sampling programs on that permit are now almost complete. The Company also commenced trenching on the Cape Mount permit to gain a better understanding of the geology.

Mali

The Company has a number of permits under option and joint venture in Mali where basic reconnaissance work has been undertaken. In December 2011 the company entered an option agreement to acquire a 100% interest in a 110km^2 permit located in west Mali that is proximal to the Senegalo-Malian Shear Zone which hosts a number of large, high grade gold mines. A permit wide soil program was undertaken in the first quarter of 2012, the results of which are still pending.

On March 22, 2012, a group of soldiers, led by Captain Amadou Sanogo, seized control of Mali's presidential palace and declared the government dissolved and its constitution suspended. Since that date there has been instability in Bamako and in regional areas of Mali.

On April 8, 2012, the President of Mali, Amadou Toure formally resigned and it was announced that the Malian parliamentary speaker, Dioncounda Traore, would take over as the interim President and govern with a transitional administration until elections are held.

The Company has been monitoring the events in Mali closely. At this point, there have been no access issues with regards to the Company's mineral interests and the Company's plant and equipment remains in good physical condition. The Company believes that none of its mineral interests nor plant and equipment have been affected. Accordingly, there has been no adjustment made to the carrying value of its assets or any provisions made in the financial statements relating to the political events in Mali.

SUMMARISED FINANCIAL RESULTS
(in 000's)

	Quarter ended March 31, 2012 $	Quarter ended March 31, 2011 $
Interest income	28,462	23,724
Fair value loss on warrants carried at fair value through profit and loss	(3,120,114)	-
Foreign exchange gain/(loss)	322,487	(11,500)
General and administrative	647,148	217,651
Stock-based compensation	302,065	-
Depreciation	5,305	-
Net loss	3,723,684	205,427

Interest income

During the quarter ended March 31, 2012, the Company earned interest of $28,462 (2011: $23,724). This interest was earned on funds held in an Australian Dollar 3-month term deposit and funds also held on the transactional accounts across the various currency accounts held by the Company. The increase since the prior year reflects the increase in cash balances held by the Company due to capital raisings.

Fair value loss on warrant liability

As part of the offer to shareholders and brokers during the IPO process, the Company issued a total of 10,243,012 warrants. In accordance with IFRS, value was ascribed at the time of IPO, being November 2, 2011 using the Black-Scholes valuation method.

These warrants are revalued at the end of each quarter. At March 31, 2012 these were revalued to $4,207,841 which is carried as a financial liability on the balance sheet. Accordingly,, this has resulted in the recognition of a fair value loss on warrants carried at fair value through the profit and loss of $3,120,114.

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

This represents the costs incurred in maintaining the administration function in Perth, Western Australia and insurance coverage for the Group. These costs have increased since the previous period due to the hire of an additional named executive officer, Nick Longmire as Chief Financial Officer and two staff, the lease of an office, professional services (both tax and legal) and travel costs associated with investor relations activities and costs associated with visiting West Africa.

Stock-based compensation

During the quarter, the Company issued 1,125,000 employee options to directors, executives, employees and a consultant.

The values of the options were calculated using the Black-Scholes option pricing model. The assumptions used in the model for each of the issues were as follows:

	February 20, 2012
Volatility	95%
Expected option life	2.5 – 3 years
Risk-free interest rate	1%
Dividend yield	0%

Depreciation

Depreciation has increased due to the Company acquiring office equipment from the commencement of its office lease in May 2011.

EXPLORATION AND EVALUATION EXPENDITURE

During the quarter ended March 31, 2012, the Company spent $3,206,863 (2011 – $678,658) on exploration and evaluation activities and $126,557 on property, plant and equipment (2011 – $104,244).

SUMMARISED QUARTERLY RESULTS

The Company became a reporting issuer on November 3, 2011. Quarterly information has been prepared for the quarters back to and including September 30, 2011.

Summarised quarterly results for the past three quarters are:

	Quarter ended		
	March 31, 2012	December 31, 2011	September 30, 2011
Interest income	$ 28,462	$ 15,982	$19,151
Net profit/(loss) for the period	$ (3,723,684)	$ 1,203,509	$ (1,238,996)
Basic profit/(loss) per share	(7.2c)	2.7c	(3.7c)
Diluted profit/(loss per share)	(7.2c)	2.2c	(3.7c)

LIQUIDITY AND CAPITAL RESOURCES

The Company does not generate cash from mining operations. In order to fund its exploration work and administrative activities, the Company is dependent upon raising capital through the issue of shares.

The Company is at an early stage of development and, as is common with many exploration companies, the Company will raise finance through the issue of shares and the Company continues to believe such financing will be available as and when required.

As at March 31, 2012 the Company had net working capital of $13,716,210.

USE OF PROCEEDS

The Company has included a comparison of expenditure to date versus the amount forecast in the "Use of Proceeds" table in the Prospectus dated October 26, 2011.

About 30% of the funds had been expended to March 31, 2012.

Generally, the expenditure is being incurred in accordance with the planned Use of Proceeds with the exception of Mali where planned drilling was able to be brought forward and completed in November and December 2011 when a drill rig was made available to the Company at short notice. This program had originally planned to be undertaken on a campaign basis at regular intervals over the next 18 months.

Principal Purpose	Estimated Amount to be Expended (US$)	Actual amount expended to March 31, 2012 (US$)
South Houndé Project Exploration		
Geochemistry & Geophysics	350,000	49,468
Drilling expenses	3,900,000	1,236,839
Sampling/Pits/Trenching	888,500	76,850
Field Camp Establishment	457,500	185,902
Personnel expenses	1,364,000	791,404
Permit related payments	344,000	75,964
South Houndé Project Exploration Sub-Total:	7,304,000	2,416,427
Liberia Exploration		
Sampling/Geophysics/Geochemistry	1,041,000	514,071
Personnel expenses	335,000	222,790
Permit related payments	318,000	92,383
Liberia Exploration Sub-Total:	1,694,000	829,244
Mali Exploration		
Sampling/Geophysics/Geochemistry	218,000	20,819
Drilling expenses	350,000	628,819
Personnel expenses	103,000	272,038
Permit related payments	47,000	884
Mali Exploration Sub-Total:	718,000	922,561
Exploration of other Burkina Faso properties	500,000	475,747
General and Administration expenses	3,564,000	967,227
General working capital	4,790,500	-
Total	18,570,500	5,611,206

CONTRACTUAL OBLIGATIONS

The Company has the following commitments relating to its office lease and office equipment:

	March 31,2012	**December 31, 2011**
	$	**$**
Less than one year	43,560	58,080
Between 1 and 2 years	72,680	72,680
Total	116,240	130,760

On September 21, 2011, the Company entered into an agreement with PPI Burkina SARL (“PPI”) for the provision of drilling services. As part of this agreement, the Company has committed to USD $2,000,000 of drilling services from PPI. The services are to be provided in accordance with the drilling requirements of the Company and there is no fixed period in which the services must be provided.

COMMON SHARE DATA (As at March 31, 2012)

Common shares outstanding	51,513,312
Options issued to directors, executive officers, employees and	4,050,000

consultants	
Warrants issued to shareholders and agents	10,243,012
Common shares outstanding assuming exercise of all options and warrants	65,806,324

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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 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. 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;
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. conflicts of interest; and
22. Political risk

For a detailed explanation of each of th risks number 1 to 21, please refer to page 94 of the Company's final prospectus dated October 26, 2011. The Company's final prospectus is published at www.sedar.com.

The Company has now added political risk to its list of key risks and uncertainties. Recent events in Mali have highlighted this.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make certain estimates that affect the amounts reported. The accounting estimates considered to be significant include estimates of the recoverability of exploration and evaluation expenditures and stock-based compensation.

The Company capitalises its exploration and evaluation expenditure. The recoverability of these amounts is dependent upon a number of factors including the discovery of economically recoverable mineral deposits on the properties, the ability of the Company to obtain the financing necessary to develop the properties, the ability of the Company to obtain the permits and approvals necessary to develop the properties, and future profitable production from the properties, or their disposition for proceeds in excess of their carrying amount.

The Company calculates the value of stock-based compensation using the Black-Scholes Option Pricing model. As the Company's shares have limited trading history and the volatility of the stock is calculated using a basket of comparative companies.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended March 31, 2012, and up to the date of this report, the Company had no off-balance sheet transactions.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to 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:

a) 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;

b) IFRS 10 "Consolidated Financial Statements" – effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more of the entities;

c) IFRS 11 "Joint arrangements" ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non Monetary Contributions by Venturers". IFRS 11 is effective for the annual period beginning on or after January 1, 2013;

d) IFRS 12 "Disclosure of Interests in Other Entities" – requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. The IFRS is effective January 1, 2013 with early adoption permitted; and

e) IFRS 13 "Fair Value Measurement" – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

ADDITIONAL INFORMATION

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

(signed) *"Andrew Dinning"*

Andrew Dinning
President and Chief Executive Officer

(signed) *"Nick Longmire"*

Nick Longmire
Chief Financial Officer