SARAMA RESOURCES LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the quarter ended March 31, 2013

(May 30, 2013)

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

INTRODUCTION

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

The condensed consolidated financial statements for the three months ended March 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at May 30, 2013.

Additional information relating to the Company is available on SEDAR at www.sedar.com under the Company's profile.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's planned exploration and development activities, costs and timing of future exploration, results of future exploration and drilling, timing and receipt of approvals, consents and permits under applicable legislation, and the adequacy of financial resources. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking information. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information is 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.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

Assumptions have been made regarding, among other things: the Company's ability to carry on exploration and development activities, the ability to meet the its obligations under the Company's property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on the Company's mineral properties, the timely receipt of required approvals, the price of gold, the costs of operating and exploration expenditures, the ability to operate in a safe, efficient and effective manner and the 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.

The Company does intend, and does not assume any obligation, to update the forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such forward-looking information, other than as required by applicable law.

OVERVIEW

Sarama Resources Ltd. 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. The Company's symbol is "SWA".

The Company has built substantial early-stage exploration landholdings in prospective and underexplored areas of Burkina Faso (3,339 km^2), Liberia (883 km^2) and Mali (564 km^2) and is aggressively exploring across its property portfolio.

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

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

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

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

FIRST QUARTER HIGHLIGHTS

Burkina Faso

- *Extension of the MM Prospect's strike length by 25% to 1.9 kilometres.* RC and diamond drilling at the MM Prospect at the Tankoro property at its South Houndé Project in south-western Burkina Faso extended the strike length of mineralisation by 25% to a total of 1.9 kilometres and confirmed previous high-grade intersections in the south of the mineralised zone.
- *Confirmation of a 1.8 kilometre mineralised trend to the north of the MM Prospect.* RC and AC drilling at the Tankoro property has confirmed the presence of a 1.8 kilometre-long mineralised trend at the Phantom Prospect, immediately along trend from the Company's MM Prospect.
- *Acquisition of 100% of the Tankoro property.* Due to significant exploration success, the Company exercised its option early to acquire a 100% interest in the Tankoro property.

Liberia

- *Definition of an 11 kilometre-long gold-in-soil anomaly at the Gbarpolu property.* An 11 kilometre-long gold-in-soil anomaly was defined by geochemical surveys at the Company's Gbarpolu exploration property in western Liberia.

CORPORATE

As at March 31, 2013 the Company had cash and cash equivalents of $11,074,488 and no debt.

On January 31, 2013, the Company granted 1,005,000 options to 11 employees, directors and officers of the Company. The option grant was a result of the Company's annual compensation review and the issuance was made in accordance with the shareholder-approved stock option plan of the Company. The options have an exercise price of Canadian Dollars $0.80 and are exercisable for a period of 5 years from the date of the grant thereof and vest over a 12-month period.

EXPLORATION ACTIVITIES (Refer Exploration and Evaluation Assets Note at Note 4)

Burkina Faso

The Company has interests, directly and indirectly, in 22 properties covering an area of 3,339 km^2.

The primary exploration focus of the Company has been on its properties which form part of its South Houndé Project. The South Houndé Project is located in south-west Burkina Faso near the international borders with Ghana and Côte d'Ivoire, 260 km south-west of the national capital of Ouagadougou. The South Houndé Project is located in the Houndé Belt, which hosts Semafo Inc.'s 6.7 million ounce Mana Gold Mine and Endeavour Mining Corp's 2.2 million ounce Houndé Gold Project.

During the first quarter, the Company completed 17,917 metres of RC drilling, 4,312 metres of diamond drilling and 25,791 metres of AC drilling in Burkina Faso.

The exploration season in Burkina Faso runs from January to June and from October to mid-December. There is normally limited activity during the 'rainy season', which runs from July to September. Burkina Faso has a climate which ranges from sub-tropical in the south to semi-arid in the north. In the rainy season, the country normally receives between 600 and 900 millimetres of rainfall.

Due to the exploration success on the Tankoro permit, the Company took the decision to exercise its option early to acquire 100% of the permit with the vendor of this permit and during the quarter, the Company was notified that the Tankoro permit had been issued to the Company. After quarter's end, the Company was notified that it had been granted the Bini, Youngou Est and Nianie permits.

Tankoro Property

Location and Size

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

Permit Status

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

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

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

Exploration Update

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

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

The main exploration focus for the Tankoro property has been the MM Prospect. After a successful scout RC drilling program conducted in late 2011 to test a high-grade gold-in-soil anomaly, subsequent RC and diamond drilling programs totalling 14,200 metres and 13,500 metres respectively were conducted throughout 2012. These programs led to the delineation of a significant mineralised system at the MM Prospect, consisting of stacked lodes extending over a 1.4 kilometre distance along strike and to 250 metres vertical depth. Gold mineralisation appears to be shoot controlled and is of a disseminated sulphide style. The mineralisation is generally hosted in steeply dipping quartz-feldspar-porphyry dykes, many of which extend over a strike length of 1 kilometre. True thicknesses of the lodes vary but are generally greater than 7 metres. The geometry and grades of the mineralisation intersected in the drilling programs appears to be amenable to open pit mining.

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

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

<u>Current quarter</u>
During the quarter, the Company undertook the following drilling activity:

Drilling type	Metres
Diamond	4,138
RC	12,726
AC	9,075

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

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

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

Sérakoro 1 Property

Location and Size

The Sérakoro 1 property is located approximately 10 kilometres west of the Tankoro permit in the South Houndé belt. The permit covers an area of 250 km^2.

Permit Status

On November 26, 2011, the Company entered into an option agreement to acquire the Sérakoro 1 permit. The Company has the right to earn up to a 98% interest with a trailing 2% NSR royalty.

The initial term of the permit expires on November 23, 2013. In accordance with the Burkina Faso Mining Code, the Company has the right to extend the term for a further 2 terms, each with duration of 3 years.

Exploration Activity

Historical to December 31, 2012

In the first quarter of 2012, the Company completed an initial permit-wide soil geochemistry survey. The survey resulted in the delineation of two parallel coherent and extensive gold-in-soil anomalies, measuring 25 kilometres and 14 kilometres in length. The anomalies are approximately 1kilometre in width, extending out to 2 kilometre-width in several areas.

In the second quarter of 2012, based on these promising soil geochemistry results, Sarama conducted a 9 line, 74 hole, 7,400 metre RC scout drilling program over six of the most promising gold-in-soil anomalies.

Current Quarter

Drilling type	Metres
RC	2,108
AC	8,353

AC drilling in the first quarter of 2013 generated further encouraging results over these areas. The RC rig completed a small drill program toward the end of the first quarter in 2013 and the results will be assessed in conjunction with AC drill results to plan further work.

Other Burkina Faso Properties

During the quarter the Company commenced work on its recently acquired Nyarafo and Noumoudara properties, which are located in the Banfora belt in south-west Burkina Faso. The Company acquired the properties pursuant to an agreement in which the vendor received Sarama common shares.

Previous exploration work conducted by the vendor of the properties included a 19-hole, 2,300 metre scout RC drill program, of which 8 holes returned significant intercepts including 13 metres @ 2.87 g/t Au, 4 metres @ 10.59 g/t Au and 17 metres @ 1.18 g/t Au.

An initial gold-in-soil sampling program has been completed and this has been used for limited first-pass AC and RC drill programs. Future work programs for these properties will be developed over the coming months.

The Company also undertook exploration activity on its Ouangoro property, adjacent to the Company's Tankoro property. During the quarter, the Company completed 1,118 metres of AC drilling to test several gold-in-soil anomalies and further increase geological knowledge.

Outlook

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

The planned 2013 drill programs are expected to be completed in the first half of 2013. Second quarter drilling has been designed to support resource modelling and to follow-up drill targets and results generated from recently completed drilling.

The Company is planning an airborne geophysical survey in the second quarter of 2013. The program will cover the Tankoro and adjacent Company properties in which the Company has an interest. The purpose of the program is to improve the Company's understanding of the geological and structural setting.

Qualified Person's Statement

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

Liberia

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

During the period, activity was related to ongoing soil geochemistry sampling programs over primary grids on the Grand Bassa property and infill grids on the Gbarpolu property. There was limited soil sampling and trenching activity on the Cape Mount property.

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

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

Outlook

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

Mali

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

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

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

During the quarter, the Company commenced an IP survey at its Kandiolé Sud property in West Mali. The results of this are due late in the second quarter of 2013. The results will be used to plan a future course of action. The Kandiolé Sud property is in the proximity of Papillion Resources' 4.2 million ounce Fekola gold discovery.

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

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

SELECTED QUARTERLY INFORMATION

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

	Quarter ended March 31, 2013	Quarter ended March 31, 2012	Quarter ended March 31, 2011
Interest income	$29,165	$28,462	$23,724
Net profit/ (loss)	$1,797,573	($3,723,684)	($205,427)
Basic and diluted earnings/(loss) per common share (cents)	3.10c	(7.22c)	(0.69c)
Total assets	$31,708,222	$23,159,126	$7,506,338
Total liabilities	$1,989,891	$4,686,948	$70,533

Sarama incurred a net profit for the quarter ending March 31, 2013 of $1,797,573. The primary driver was the revaluation at March 31, 2013 of the warrants issued which resulted in a gain of $3,003,354. The warrant liability represents the cost to the Company of the warrants issued to shareholders and brokers as part of the initial public offering in November 2011 and warrants issued in 2012 as part of the capital raising. The liability is revalued at the end of each quarter and movements are recorded in the Statement of Comprehensive Income/(Loss).

RESULTS OF OPERATIONS

	Quarter ended March 31, 2013	Quarter ended March 31, 2012
Interest income	29,165	28,462
Fair value gain/(loss) on warrants liability	3,003,354	(3,120,114)
Accounting and audit	(15,469)	(12,394)
Salaries	(409,713)	(279,271)
Professional fees	(14,651)	(7,913)
Office and general	(112,117)	(132,012)
Travel	(86,676)	(79,076)
Insurance	(35,421)	(35,775)
Directors fees	(34,176)	(64,300)
IPO/raising costs	-	(36,408)
Total general and administration costs	(708,223)	(647,149)
Stock-based compensation	(265,246)	(302,065)
Foreign exchange (loss)/gain	(252,850)	322,487
Depreciation	(8,627)	(5,305)

Net profit/(loss)	**1,797,573**	**(3,723,684)**

Interest income

Interest income is earned on funds held in an Australian Dollar 3-month term deposit and the overnight, 7-day and 1-month Canadian Dollar term deposits and funds held on the transactional accounts across the various currency accounts held by the Company.

Fair value gain/(loss) on warrant liability

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

The warrants are revalued each reporting period using the Black-Schöles Option Pricing Model. For the quarter ended March 31, 2013 the warrants were revalued downwards to $1,221,084 ($4,224,438 at December 31, 2012) which is carried as a financial liability on the Statement of Financial Position. For the quarter ended March 31, 2013 the revaluation resulted in the recognition of a fair-value gain on warrants carried at fair value through the Statement of Comprehensive Income/(Loss) of $3,003,354. The movement in the valuation is driven by reduction in the share price between the valuation dates.

Foreign exchange gain/ (loss)

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

General and administration

General and administration expenses have increased by $61,074 to $708,223 compared to the quarter ended March 31, 2012. General and administrative expenses represent the costs incurred in maintaining the administration function in Perth, Western Australia and associated listing costs including investor relations. The increase primarily relates to the following movements:

- Salaries increased by $130,442 to $409,713 due to an increase in staff numbers when compared to the previous year. In addition, salary increases occurred as a result of the annual compensation review. Whilst the amount of the bonuses was consistent with 2012, the Company paid out all bonuses in the first quarter this year whereas in 2012 these were paid out at various stages throughout the year.
- IPO/raising costs of $36,408 in the quarter ended March 31, 2012 compared to $Nil in the quarter ended March 31, 2013 due to a lag in invoices being presented and paid relating to the IPO of November 2011.

Stock-based compensation

On February 20, 2012, the Company issued 1,125,000 employee options to directors, executives, employees and a consultant and on January 31, 2013 the Company issued 1,005,000 employee options to directors, executives and employees.

The value of the options was calculated using the Black-Schöles Option Pricing Model. The assumptions used in the model for each of the issues are as follows:

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

Both option issues' vesting conditions were 50% vest immediately and 50% vest 12 months from the date of grant. As a result, the cost of the stock-based compensation for the non-vested component is recognised progressively through the Statement of Comprehensive Income. The fair value of stock options granted in the first quarter of 2013 and the final vested portion of the 2012 options was estimated at $265,246 and at March 2013, the unvested portion not yet recognised was $162,941.

Depreciation

The depreciation charge relates to the assets held at the Perth office. The charge has increased in the quarter ended March 31, 2013 when compared to the quarter ended March 31, 2012 by $3,322 to $8,627 in line with the increase in the number of fixed assets purchased for use in the Perth office.

EXPLORATION AND EVALUATION EXPENDITURE

The Company capitalises all acquisition and exploration costs associated with the property until the property is placed into production, sold or abandoned. The Company capitalised $3,283,121 (March 31, 2012 – $3,021,373) for the quarter ended March 31, 2013 on exploration and evaluation activities, and $11,538 on property, plant and equipment (March 31, 2012 – $126,557).

Exploration and evaluation expenditure	Burkina Faso $	Mali $	Liberia $	Total $
Geochemistry	236,240	-	27,591	263,831
Laboratory costs	137,349	-	-	137,349
Drilling	1,762,908	-	-	1,762,908
Land tenure	50,629	-	39,960	90,589
Administration	795,681	26,098	206,665	1,028,444
Total for the quarter ended March 31, 2013	2,982,807	26,098	274,216	3,283,121
Cumulative exploration and evaluation expenditure at December 31, 2012	13,023,510	368,319	3,018,137	16,409,966
Cumulative exploration and evaluation expenditure as at March 31, 2013	16,006,317	394,417	3,292,353	19,693,087

SUMMARISED QUARTERLY RESULTS

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

Summarised quarterly results for the past six quarters are:

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

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

If the effect of the movement in the warrant liability is removed, the loss incurred by the Company each quarter is consistent. The only other components of the net profit and loss are the general and administrative costs of running the Perth office, foreign exchange gains and losses, stock-compensation costs and depreciation.

LIQUIDITY AND CAPITAL RESOURCES

At this point in time, the Company does not generate cash from mining operations. In order to fund its exploration and administrative activities, the Company is dependent upon raising capital through the issue of shares. The Company continues to believe such financing will be available, as and when required.

As at March 31, 2013 the Company had working capital of $10,531,570. Working capital is defined as current assets less current liabilities and does not include financial liabilities carried at fair value.

USE OF PROCEEDS

The Company recently updated its forecast in the "Use of Proceeds" table in the Prospectus dated October 10, 2012. The column headed "Actual" reflects costs to March 31, 2013.

12 Month Expenditure Plan	**Budget $**	**Actual $**
Burkina Faso		
General and administration and permit payments	1,800,000	1,574,531
Drilling	3,631,250	3,762,224
Soils, trenching & mapping	243,750	238,798
Geophysics	550,000	220,296
	6,225,000	**5,795,849**
Liberia		
General and administration and permit payments	400,000	337,655
Drilling	800,000	-
Soils, trenching & mapping	336,000	247,803
	1,536,000	**585,458**
Mali		
General and administration and permit payments	115,000	145,535
Soils, trenching & mapping	70,000	-
	185,000	**145,535**
Total Exploration	**7,946,000**	**6,526,842**
Head office general & administration	1,800,000	1,409,387
Total Expenditure	**9,746,000**	**7,936,229**
Working Capital	**8,254,000**	**8,254,000**

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

Drilling activity in Burkina Faso is higher than planned but is anticipated to reduce in the second quarter and will then cease for the 'rainy season'. An airborne geophysical survey is planned for the second quarter which will increase the expenditure for geophysics to near budget.

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

CONTRACTUAL OBLIGATIONS

The Company has the following commitments relating to its office lease and office equipment at March 31, 2013:

	March 31, 2013 $	December 31, 2012 $
Less than one year	40,704	55,224
Between 1 and 2 years	17,456	17,456
Total	58,160	72,680

COMMON SHARE DATA (As at May 30, 2013)

Common shares outstanding	66,018,702
Options issued to directors, executive officers, employees and consultants	5,055,000
Warrants issued to shareholders and agents	18,187,457
Common shares outstanding assuming exercise of all options and warrants	89,261,159

RISK AND UNCERTAINTIES

The Company's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to:

1. the Company's limited operating history;
2. negative operating cashflow and the need for additional financing;
3. early stage exploration and no mineral resources or mineral reserves;
4. global economic conditions;
5. dependence on key management and qualified personnel;
6. exploration, development and mining risks;
7. title and property risks;
8. risks related to the presence of artisanal miners;
9. risks associated with operations in Africa;
10. risks associated with maintaining a skilled workforce;
11. risks relating to government regulations;
12. environmental laws, regulations and risks;
13. uncertainty of acquiring necessary permits and compliance with terms;
14. infrastructure risks;
15. uninsurable risks;
16. enforcement of legal rights;
17. market factors and volatility of commodity prices;
18. fluctuations in foreign exchange rates;
19. competition;
20. acquisition risks;
21. governance risk, including conflicts of interest;
22. price volatility in publicly traded securities
23. dilution;
24. dividends;
25. passive foreign investment corporation classification; and
26. political risk.

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

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

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 expenditure 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 amounts.

The Company calculates the value of stock-based compensation using the Black-Schöles Option Pricing Model. A key component of the calculation is the calculation of the volatility of the Company's share price. Due to the Company's shares having a limited trading history, the volatility of the stock is calculated using a basket of comparative companies. It is the Company's view that once the Company's shares have two years of trading history this proxy will change.

OFF-BALANCE SHEET TRANSACTIONS

During the quarter ended March 31, 2013, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

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

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

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

IFRS 13 *Fair Value Measurement (*"IFRS 13"). IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The

Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2011. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the table below. The following have not been adopted and are being evaluated to determine their impact on the Company:

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

ADDITIONAL INFORMATION

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