

# **Sarama Resources Ltd**

*(An Exploration Stage Company)*

## **CONSOLIDATED FINANCIAL STATEMENTS**

**As at and for the year ended December 31, 2023**

*(Expressed in United States Dollars)*

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## **DIRECTORS**

Simon Jackson (Chairman)  
Andrew Dinning (CEO)  
Adrian Byass (Non-executive Director)  
Steven Zaninovich (Non-executive Director)

## **REGISTERED OFFICE**

Suite 2200, HSBC Building  
885 West Georgia Street  
Vancouver BC, Canada, V6C 3E8

## **AUSTRALIAN BRANCH OFFICE**

Unit 8, 245 Churchill Avenue  
Subiaco, Western Australia 6008  
P: +61 8 9363 7600  
F: +61 8 9382 4308

## **BURKINA FASO OFFICE**

Sarama Mining Burkina SUARL  
Quartier Ouaga 2000, secteur 15 Zone B,  
Rue du Général Tiemoko Marc Garango,  
13 B.P. 60 Ouagadougou 13,  
Ouagadougou, République du Burkina Faso

## **LEGAL ADVISORS**

### **Canada**

Cassels Brock & Blackwell LLP  
Suite 2200, HSBC Building  
885 West Georgia Street  
Vancouver BC, Canada, V6C 3E8

### **Australia**

Hamilton Locke  
Level 27, Central Park  
152-158 St Georges Terrace  
Perth, Western Australia, Australia 6000

## **AUDITORS**

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth, Western Australia, Australia 6000

## **SHARE REGISTRY**

### **Canada**

TSX Trust Company  
100 Adelaide Street West, Suite 301  
Toronto, Ontario  
M5H4H1  
Canada

### **Australia**

Computershare Investor Services Pty Limited  
Level 17, 221 St Georges Terrace  
Perth, Western Australia, Australia 6000

**TSX.V CODE : SWA**

**ASX CODE : SRR**

## **WEBSITE**

[www.saramaresources.com](http://www.saramaresources.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sarama Resources Ltd

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Sarama Resources Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

**h**l**b.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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Key Audit Matter	How our audit addressed the key audit matter
<p data-bbox="245 353 536 383"><b>Investment in associate</b></p> <p data-bbox="245 385 421 414">Refer to Note 5</p> <p data-bbox="245 430 786 546">The Group has a 17.52% holding in Joint Venture BFI Inc., which holds the exploration and evaluation asset pertaining to the Karankasso Project in Burkina Faso.</p> <p data-bbox="245 575 786 779">We considered the treatment of the investment in an associate to be a key audit matter as we considered it to be a significant risk under auditing standards, it required a degree of judgement and it involved the most communication with key management personnel.</p>	<p data-bbox="842 430 1426 490">Our audit procedures included, but were not limited to, the following:</p> <ul data-bbox="842 517 1426 925" style="list-style-type: none"> <li data-bbox="842 517 1426 633">- Obtained an understanding of the key processes and controls involved with management's treatment of its investment in the associate;</li> <li data-bbox="842 636 1426 692">- Considered the existence of significant influence over the entity;</li> <li data-bbox="842 694 1426 779">- Reviewed the financial statements of the associate and determined whether there existed any indicators of impairment;</li> <li data-bbox="842 781 1426 866">- Ensured the associate has current tenure across its areas of interest in accordance with IFRS 6; and</li> <li data-bbox="842 869 1426 925">- Ensured any impairment has been appropriately recorded and disclosed.</li> </ul>

*Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 March 2024**



**M R Ohm**  
**Partner**

## ***MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION***

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognises its responsibility for conducting the Company’s affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) “Andrew Dinning”  
Director, President and CEO  
March 28, 2024

(signed) “Lui Evangelista”  
CFO  
March 28, 2024

**Sarama Resources Ltd**  
*An Exploration Stage Company*  
**Consolidated Statement of Financial Position**  
*Expressed in United States Dollars*

	Note	As at December 31, 2023 \$	As at December 31, 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	492,521	843,085
Security deposits		23,819	23,857
Other receivables		23,633	23,381
Prepayments	14	28,171	82,580
<b>Total current assets</b>		<u>568,144</u>	<u>972,903</u>
<b>Non-current assets</b>			
Other receivables		-	130,342
Plant and equipment	4	34,097	90,042
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
<b>Total non-current assets</b>		<u>1,893,399</u>	<u>2,079,686</u>
<b>Total assets</b>		<u>2,461,543</u>	<u>3,052,589</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	15	895,269	500,070
Provision for employee entitlements		152,482	151,304
Financial liabilities		22,136	41,417
<b>Total current liabilities</b>		<u>1,069,887</u>	<u>692,791</u>
<b>Non-current liabilities</b>			
Provision for employee entitlements		58,488	14,193
<b>Total non-current liabilities</b>		<u>58,488</u>	<u>14,193</u>
<b>Total liabilities</b>		<u>1,128,375</u>	<u>706,984</u>
<b>EQUITY</b>			
Share capital	6(b)	58,959,589	57,693,133
Share-based payments reserve	6(d)	5,160,207	4,960,313
Accumulated losses		(62,786,628)	(60,307,841)
<b>Total equity</b>		<u>1,333,168</u>	<u>2,345,605</u>
<b>Total liabilities and equity</b>		<u>2,461,543</u>	<u>3,052,589</u>

These financial statements are authorised for issue by the Board of Directors on March 28, 2024.

They are signed on the Company's behalf by:

(Signed) "Andrew Dinning" Andrew Dinning, Director

(Signed) "Simon Jackson" Simon Jackson, Director

*The accompanying notes are an integral part of these financial statements.*

**Sarama Resources Ltd**  
*An Exploration Stage Company*

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*Expressed in United States Dollars*

	Note	Year ended December 31, 2023	Year ended December 31, 2022
<b>Income</b>			
Interest income		20,000	17,979
Fair value gain on warrants carried at fair value through profit or loss		288,488	226,284
Gain on disposal of assets		28,391	-
<b>Total income</b>		<b>336,879</b>	<b>244,263</b>
<b>Expenses</b>			
Accounting and audit		24,853	19,894
Depreciation		4,770	4,046
Directors' fees		99,217	102,675
Exploration expenditure as incurred		1,344,517	2,390,519
Finance charges		-	49,829
Foreign exchange loss		45,594	337,511
Insurance		50,498	70,278
Marketing and investor relations		113,650	205,359
Office and general		150,259	183,940
Professional fees		123,553	155,538
Salaries		618,674	687,504
Stock-based compensation	6(d)	199,894	188,063
Travel		40,187	51,402
<b>Total expenses</b>		<b>2,815,666</b>	<b>4,446,558</b>
<b>Loss before income tax</b>		<b>(2,478,787)</b>	<b>(4,202,295)</b>
Income tax benefit		-	-
<b>Loss for the year</b>		<b>(2,478,787)</b>	<b>(4,202,295)</b>
Other comprehensive income			
		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,478,787)</b>	<b>(4,202,295)</b>
Basic and diluted loss per share	12	(1.6) cents	(3.3) cents
Weighted average number of shares Basic and diluted		151,790,992	126,337,042

*The accompanying notes are an integral part of these financial statements.*

**Sarama Resources Ltd**  
*An Exploration Stage Company*  
**Consolidated Statement of Cash Flows**  
*Expressed in United States Dollars*

		Year ended December 31, 2023	Year ended December 31, 2022
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(966,706)	(1,379,367)
Payments for exploration and evaluation		(953,762)	(2,414,762)
Payment to Barrick – Termination Agreement		-	(1,000,000)
Interest paid		-	(190,012)
Interest received		20,000	17,979
<b>Net cash used in operating activities</b>	13	<b>(1,900,468)</b>	<b>(4,966,162)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	4	(1,698)	(97,848)
Proceeds from sale of plant and equipment		42,452	-
<b>Net cash from / (used in) investing activities</b>		<b>40,754</b>	<b>(97,848)</b>
<b>Cash flows from financing activities</b>			
Common shares and warrants issued for cash		1,662,244	5,835,600
Payment of share issue costs		(126,580)	(616,628)
<b>Net cash from financing activities</b>		<b>1,535,664</b>	<b>5,218,972</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(324,050)</b>	<b>154,962</b>
Net foreign exchange differences		(26,514)	(345,222)
Cash and cash equivalents at beginning of the year		843,085	1,033,345
<b>Cash and cash equivalents at end of the year</b>		<b>492,521</b>	<b>843,085</b>

*The accompanying notes are an integral part of these financial statements.*

**Sarama Resources Ltd**  
*An Exploration Stage Company*  
**Consolidated Statement of Changes in Equity**  
*Expressed in United States Dollars*

	Number of common shares	Share capital (Note 6)	Share-based payments reserve	Accumulated losses	Total
		\$	\$	\$	\$
<b>Balance at January 1, 2022</b>	<b>99,826,931</b>	<b>52,817,012</b>	<b>4,532,735</b>	<b>(56,105,546)</b>	<b>1,244,201</b>
Loss attributed to shareholders of the Company	-	-	-	(4,202,295)	(4,202,295)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,202,295)</b>	<b>(4,202,295)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares	38,095,238	5,835,600	-	-	5,835,600
Fair value of broker warrants (6(b))	-	-	239,515	-	239,515
Share issuance costs (6(b))	-	(959,479)	-	-	(959,479)
Stock-based compensation - options (6(d)(i))	-	-	188,063	-	188,063
<b>Balance at December 31, 2022</b>	<b>137,922,169</b>	<b>57,693,133</b>	<b>4,960,313</b>	<b>(60,307,841)</b>	<b>2,345,605</b>
Loss attributed to shareholders of the Company	-	-	-	(2,478,787)	(2,478,787)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,478,787)</b>	<b>(2,478,787)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares (6(b))	43,500,000	1,662,244	-	-	1,662,244
Fair value of share issue ascribed to warrants and recorded as financial liability (6(b))	-	(269,208)	-	-	(269,208)
Share issuance costs (6(b))	-	(126,580)	-	-	(126,580)
Stock-based compensation - options (6(d)(i))	-	-	199,894	-	199,894
<b>Balance at December 31, 2023</b>	<b>181,422,169</b>	<b>58,959,589</b>	<b>5,160,207</b>	<b>(62,786,628)</b>	<b>1,333,168</b>

*The accompanying notes are an integral part of these financial statements.*

## 1. NATURE OF OPERATIONS

Sarama Resources Ltd (the “**Company**”) was incorporated under the laws of the Province of British Columbia, Canada on April 8, 2010.

### *Statement of compliance*

These consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these consolidated financial statements on March 28, 2023.

### *Business Activities*

The consolidated entity, consisting of Sarama Resources Ltd. and its subsidiaries is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties. As at December 31, 2023, the Company is in the process of exploring its principal mineral properties and has not yet determined whether the properties contain gold reserves that are economically recoverable.

The consolidated financial statements for the year ended December 31, 2023, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company’s interest in equity accounted investments.

### *Basis of Presentation*

These consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

### *Going Concern*

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the year ended December 31, 2023, the consolidated entity recorded a net loss of \$2,478,787 and had a net cash outflow from operating and investing activities of \$1,859,714. As at December 31, 2023, the consolidated entity had available cash of \$492,521 and a deficit of current assets over current liabilities of \$501,743.

The Directors have reviewed cashflow forecasts for the upcoming period and assessed that the consolidated entity will need to complete a capital raising or obtain alternative sources of financing to support forecast future cashflows over the relevant period of twelve months from the anticipated date of signing of these financial statements. A process is currently being conducted to determine the likely timing and quantum of these future sources of funding.

Should this capital raising or alternative source of financing not eventuate, or not eventuate on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### *a) Standards and Interpretations applicable to December 31, 2023*

In the year ended December 31, 2023, the Directors have reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the

**Sarama Resources Ltd**  
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**Notes to the Consolidated Financial Statements**  
*Expressed in United States Dollars unless otherwise stated*

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new and revised Standards and Interpretations on the consolidated entity and, therefore, no material change is necessary to the consolidated entity's accounting policies.

*b) Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the year ended December 31, 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

*c) Basis of Consolidation*

The consolidated financial statements incorporate the assets and liabilities of the Company as at December 31, 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

*d) Foreign Currency Translation*

*(i) Functional and Presentation Currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in United States dollars ("**USD**"), which is the Company's functional and presentation currency.

*(ii) Transactions and Balances*

Monetary assets and liabilities of the Company are translated into USD at the exchange rate in effect at balance date while non-monetary assets and liabilities, revenues and expenses are translated using exchange rates in effect at the time of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented separately in profit or loss for the financial year.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair-value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

*(iii) Functional Currency*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the balance date,
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the

rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

*e) Financial Instruments*

Cash and cash equivalents are classified as current assets and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places the majority of its cash holdings with an Australian financial institution which has a high credit rating.

*Non-derivative financial assets and liabilities*

The Company has the following non-derivative financial assets and liabilities:

- i. **Receivables**  
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.
- ii. **Financial assets at fair value through profit or loss (FVTPL)**  
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.
- iii. **Amounts payable and other accrued liabilities**  
Such financial liabilities are recognised initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method if significant.

*f) Exploration and Evaluation Assets*

Mineral exploration and evaluation costs are expensed as incurred based upon each area of interest. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit or loss in the year in which the decision to abandon the tenement is made. Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

*g) Impairment of Plant and Equipment*

At the end of each reporting period, the carrying amounts of the Company's plant and equipment are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value-of-money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised within profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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*An Exploration Stage Company*  
**Notes to the Consolidated Financial Statements**  
*Expressed in United States Dollars unless otherwise stated*

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

*h) Plant and Equipment*

The cost of all plant and equipment is stated at historical cost less depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Assets are depreciated over their estimated useful service lives using the straight-line method as follows:

Office equipment	4 years
Plant and equipment	3 years
Motor vehicles	4 years

Depreciation expense relating to plant and equipment in Burkina Faso, Mali and Liberia is capitalised and forms part of exploration expensed in profit or loss. Depreciation expense for plant and equipment in Australia is recognised as an expense through profit or loss.

*i) Stock-based Compensation*

The fair value of share purchase options or warrants granted is determined by the Black-Scholes option pricing model using estimates for the volatility of the trading price of the Company's stock, the expected lives of share purchase options awarded, the fair value of the Company's shares and the risk-free interest rate.

For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date on which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of share purchase options is charged to expense over the vesting period, with offsetting amounts to equity. If the share purchase options are granted for past services, they are expensed immediately. If the share purchase options are forfeited prior to vesting, no amounts are charged to expense. If share purchase options are exercised, then the fair value of the options is re-classed from stock-based compensation reserve to share capital.

At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share purchase options or warrants that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

*j) Basic and Diluted Earnings/Loss per Share*

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the result attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share does not adjust the profit or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

*k) Share Warrants*

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 Financial Instruments: Presentation. The financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised or lapse, at which point the liability will be transferred to equity.

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*l) Income Taxes*

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realisation or settlement.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

*m) Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

*n) Critical Estimates and Judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

*o) Measurement of warrants and stock options*

The Company determines the fair value of both warrants and options classified as liabilities at fair value through profit or loss using the Black-Scholes Model. Note 6 provides detailed information about the key assumptions used in the determination of the fair value of options and warrants.

**3. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Cash at bank and in hand	100,641	57,889
Deposits at call	391,880	785,196
	<b>492,521</b>	<b>843,085</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made on a rolling overnight basis and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 8.

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**4. PLANT AND EQUIPMENT**

	<b>December 31, 2023</b>			
	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Opening net book value	17,023	46,295	26,724	90,042
Additions	738	-	960	1,698
Disposals at Cost	-	(116,570)	-	(116,570)
Disposal – Accum depn	-	102,509	-	102,509
Impairment at Cost	-	-	(70,945)	(70,945)
Impairment – Accum depn	-	-	58,926	58,926
Depreciation	(4,027)	(18,575)	(8,961)	(31,563)
<b>Closing net book value</b>	<b>13,734</b>	<b>13,659</b>	<b>6,704</b>	<b>34,097</b>
Cost	253,768	98,777	246,654	599,199
Accumulated Depreciation	(240,034)	(85,118)	(239,950)	(565,102)
<b>Closing net book value</b>	<b>13,734</b>	<b>13,659</b>	<b>6,704</b>	<b>34,097</b>
	<b>December 31, 2022</b>			
	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Opening net book value	11,947	-	6,339	18,286
Additions	11,247	57,041	29,560	97,848
Depreciation	(6,171)	(10,746)	(9,175)	(26,092)
<b>Closing net book value</b>	<b>17,023</b>	<b>46,295</b>	<b>26,724</b>	<b>90,042</b>
Cost	253,030	215,347	316,639	785,016
Accumulated Depreciation	(236,007)	(169,052)	(289,915)	(694,974)
<b>Closing net book value</b>	<b>17,023</b>	<b>46,295</b>	<b>26,724</b>	<b>90,042</b>

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**5. INVESTMENT IN ASSOCIATE**

The Company has determined that it has significant influence over Joint Venture BFI Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project (“the Project”) in Burkina Faso, as it holds 17.52% (2022: 17.58%) of the voting power as well as holding 2 out of the 4 Board positions. The Company’s interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below. The Company has not made any additional contributions during the year ended December 31, 2023.

Summarised statement of financial position of Joint Venture BFI Inc.:

	December 31, 2023	December 31, 2022
	\$	\$
Current assets	305,125	352,053
Non-current assets	17,513,010	17,409,166
Current liabilities	(18,859)	(30,738)
Non-current liabilities	(5,559,216)	(5,498,025)
Equity	<b>12,240,060</b>	<b>12,232,456</b>
Reconciliation to carrying amount of investment		
Company’s share of equity	2,144,459	2,150,466
Plus additional contributions	1,365,851	1,365,851
	3,510,310	3,516,317
Notional premium on acquisition by JV	(1,674,139)	(1,680,146)
<b>Karankasso Project Joint Venture– at cost</b>	<b>1,836,171</b>	<b>1,836,171</b>

The notional premium is due to the joint venture recording a higher value of the equity contributed by the Company upon transfer to the joint venture.

**6. SHARE CAPITAL**

*(a) Authorised Share Capital*

At December 31, 2023, the authorised share capital comprised an unlimited number of common shares without par value.

*(b) Issued Share Capital*

Details	2023	2023	2022	2022
	Number of shares	\$	Number of shares	\$
Balance at January 1	137,922,169	57,693,133	99,826,931	52,817,012
Issue of shares under private placement (i),(ii),(iii)	43,500,000	1,662,244	38,095,238	5,835,600
Share issuance costs	-	(126,580)	-	(959,479)
Fair value warrants issued	-	(269,208)	-	-
<b>Balance December 31 (net of costs)</b>	<b>181,422,169</b>	<b>58,959,589</b>	<b>137,922,169</b>	<b>57,693,133</b>

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- (i) *Private Placement December 2023 – Advancement of Potential Opportunities and Working Capital*  
On December 22, 2023, the Company announced that it had closed Tranche 1 of its A\$520,000 equity placement (announced on December 18, 2023). Tranche 1 of this placement raised aggregate gross proceeds of A\$470,000 with the Company issuing 6,000,000 common shares and 17,500,000 Chess Depository Instruments (“CDIs”) at an issue price of A\$0.02 per security. Underlying each CDI is a newly issued common share of the Company and each CDI therefore represents a beneficial interest in 1 common share of the Company. Tranche 2 of this placement will consist of the remaining 2,500,000 CDIs, which have been subscribed for by a director, Mr Andrew Dinning. The issuance of the CDIs pursuant to Tranche 2 will be subject to shareholder approval at a general meeting to be held in April 2024. Total funds received from Tranche 2 are expected to be A\$50,000.
- (ii) *Private Placement April to June 2023 – Advancement of Development Studies*  
On April 3, 2023, the Company announced that it had received binding commitments to undertake a A\$2.0 million equity placement to advance development studies for its Sanutura Project. This placement comprised the issue of 20,000,000 CDIs at an issue price of A\$0.10 per CDI. Sarama issued 1 free attaching unlisted option (“**Placement Option**”) for every 2 new CDIs issued pursuant to this placement. Each Placement Option is exercisable at A\$0.15 and will expire 3 years from the date of issue. This placement was completed in two tranches; Tranche 1 was completed on April 13, 2023 consisting of 13.75 million CDIs (and 6.875 million attaching Placement Options). Funds received from the Tranche 1 placement was A\$1.375 million. Tranche 2 was completed in two parts, on June 14, 2023 and June 21, 2023, consisting of 6.25 million CDIs (and 3.125 million attaching Placement Options). Funds received from the Tranche 2 placement was A\$625,000.
- (iii) *Private Placement 2022 – Dual Listing on Australian Securities Exchange (“ASX”)*  
On April 22, 2022 the Company announced that it had raised A\$8,000,000 and issued 38,095,238 CDIs over common shares in the capital of the Company at an issue price of A\$0.21 per CDI, in relation to its dual listing on the ASX. The Lead Manager for the ASX listing process, Euroz Hartleys Limited, received 2,500,000 Broker warrants at an exercise price of A\$0.273 each and expiring three years from the date of issue. It also received a capital raising fee of 6% of total gross funds raised, excluding any funds subscribed for under an agreed Chairman’s list, at a management fee of 2%, and a separate management fee of A\$75,000. The Company commenced trading on the ASX on May 2, 2022.

(c) *Company Stock Option Plan*

The Company has a stock option plan (the “**Plan**”) that provides for the issuance of up to 10% of the issued and outstanding shares of the Company. The board of directors is authorised to set the exercise price, expiry date, and vesting provisions for each grant, subject to the policies of the TSX Venture Exchange. The plan provides for a maximum grant period of ten years. Options can be exercised at any time prior to their expiry date. Details are as follows:

<b>Grant Date</b>	<b>No.</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
January 14, 2021 (fully vested)	3,158,336	C\$0.35	January 14, 2024
January 19, 2022 (fully vested)	2,721,665	C\$0.20	January 19, 2025
April 20, 2023 (fully vested)	6,809,999	A\$0.16	April 20, 2026
	<b>12,690,000</b>		

On April 20, 2023, the Company issued 6,809,999 options to directors, officers and employees of the company, vesting immediately and exercisable at A\$0.16 and expiring 3 years after issue.

No options were exercised in the year ended December 31, 2023 (December 31, 2022: Nil).

4,099,999 options expired in the year ended December 31, 2023 at a weighted average exercise price and life of C\$0.21 and 3 years respectively (year ended December 31, 2022: 1,441,665 options expired at a weighted average exercise price and life of C\$0.18 and 3 years respectively).

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(d) *Stock-Based Compensation*

(i) *Options*

For the year ended December 31, 2023, the expense incurred relating to stock-based compensation on the grant of options was \$199,894 (December 31, 2022: \$188,063).

For the year ended December 31, 2023, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

	<b>April 20, 2023</b>
Total options granted	6,809,999
Exercise price	A\$0.16
Estimated fair value of compensation recognised	\$199,894
Balance to be recognised over remaining vesting period	\$nil
Estimated fair value per option	\$0.04

The fair value of the stock-based compensation recognised in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following assumptions:

	<b>April 20, 2023</b>
Share price of underlying security on date of grant	C\$0.11
Risk-free interest rate	3.66%
Expected dividend yield	0%
Expected stock price volatility	65.0%
Expected option life in years	3 years

The share price volatility is based on historical data and reflects the assumption that historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be indicative of exercise patterns that may occur.

(ii) *Warrants*

The Company has issued warrants as part of its capital raising and exploration programs. The details of all warrants still on issue are detailed below.

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Warrant issue	Total Warrants Issued	Exercise Price (C\$)	Estimated fair value of warrants (C\$)	Estimated fair value per warrant (C\$)	Expiry Date
Acquisition Warrants issued					
May 23, 2019	833,333	\$0.30	183,912	\$0.222	May 23, 2024
May 23, 2019	833,333	\$0.60	162,184	\$0.195	May 23, 2024
Broker Warrants issued					
April 22, 2022	2,500,000	\$A0.273	303,345	\$0.121	April 22, 2025
<b>Sub Total</b>	<b>4,166,666</b>		<b>649,441</b>	<b>\$0.156</b>	
Shareholder Warrants issued					
July 28, 2021	4,863,517	\$0.28	561,822	\$0.115	July 28, 2024
April 13, 2023	6,875,000	A\$0.15	295,713	\$0.043	April 13, 2026
June 14, 2023	1,312,180	A\$0.15	27,445	\$0.021	June 14, 2026
June 21, 2023	1,812,820	A\$0.15	31,544	\$0.017	June 21, 2026
<b>Total</b>	<b>19,030,183</b>		<b>1,565,965</b>	<b>\$0.082</b>	

5,000,000 warrants were issued to Acacia on May 23, 2019, as part consideration of definitive agreement executed by the Company and Acacia on May 14, 2019, that provides for the termination of the 2014 earn-in agreement between the two companies in respect of the South Houndé Project. 2,500,000 warrants were issued at an exercise price of C\$0.10 and 2,500,000 warrants were issued at an exercise price of C\$0.20, expiring on May 23, 2024. Post Share Consolidation the warrants have been converted to 833,333 warrants at exercise price of C\$0.30 and 833,333 warrants at exercise price of C\$0.60, respectively.

2,500,000 broker warrants were issued on April 22, 2022, to the Lead Manager of the ASX listing process, Euroz Hartleys Limited, at an exercise price of A\$0.273 each and expire on April 22, 2025.

4,863,517 shareholder warrants were issued on July 28, 2021, in relation to a private placement conducted by the Company. The warrants are exercisable at C\$0.28 and expire on July 28, 2024.

6,875,000 shareholder warrants were issued on April 13, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A\$0.15 and expire on April 13, 2026.

1,312,180 shareholder warrants were issued on June 14, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A\$0.15 and expire on June 14, 2026.

1,812,820 shareholder warrants were issued on June 21, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A\$0.15 and expire on June 21, 2026.

The fair value of the broker and acquisition warrants are recognised within the share-based payments reserve, within the equity section of the financial statements, in accordance with IFRS 2.

The fair value of shareholder warrants are recognised as a financial liability in the financial statements in accordance with IAS 32.

The fair value of the warrants recognised in the financial statements has been estimated using the Black-Scholes Option-Pricing Model at inception with the following assumptions:

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**Warrant issue**

	Price of Security on issue date	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Acquisition Warrants issued May 23, 2019	C\$0.10	1.55%	0%	105%	5 months
Broker Warrants issued April 22, 2022	C\$0.18	2.70%	0%	76%	16 months
Shareholder Warrants issued July 28, 2021	C\$0.28	0.55%	0%	105%	7 months
Shareholder Warrants issued April 13, 2023	C\$0.11	3.59%	0%	64%	28 months
Shareholder Warrants issued June 14, 2023	C\$0.07	4.15%	0%	61%	30 months
Shareholder Warrants issued June 21, 2023	C\$0.09	4.22%	0%	62%	30 months

**7. INCOME TAXES**

<i>A reconciliation of the income tax at statutory rates is as follows:</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Loss for the year before income tax	(2,478,787)	(4,202,295)
“Prima facie” income tax benefit at 27% (2022: 27%)	(669,273)	(1,134,620)
Tax effect of permanent differences:		
Stock – based payments	53,971	50,777
Foreign exchange (gains) / losses	11,378	92,621
Fair value gain on warrants carried at fair value through profit or loss	(77,892)	(61,097)
Capital raising costs	(43,877)	(54,959)
Non-deductible exploration expenses	145,543	42,040
Deferred tax assets not brought to account	580,150	1,065,238
Income tax benefit	-	-
Deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax liabilities:	-	-
Deferred tax assets:		
Tax losses	4,589,896	4,066,394
Exploration expenditure	9,454,153	9,045,543
	14,044,049	13,111,937
Deferred tax assets not recognised	(14,044,049)	(13,111,937)
Deferred tax assets recognised at December 31	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Canada	4,450,476	3,931,306
Tax losses - Burkina Faso	139,420	135,088
Exploration expenditure	9,454,153	9,045,543
	14,044,049	13,111,937

## 8. FINANCIAL INSTRUMENTS

The Company is exposed to financial risks through the normal course of its business operations. The key risks impacting the Company's financial instruments are considered to be foreign currency risk, interest rate risk, liquidity risk, credit risk and equity price risk. The Company's financial instruments exposed to these risks are cash and short-term deposits, receivables, trade payables and investments in foreign operations.

The executive management team monitors the financial instrument risk to which it is exposed and assesses the impact and likelihood of those risks on an ongoing basis. Where material, these risks are reported and reviewed by the board of directors.

### (a) Fair Values

The fair value of the Company's financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments. The Company's financial assets and liabilities are measured and recognised at fair value as at December 31, 2023 according to the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
- (b) quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability (level 2), and
- (c) prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity) (level 3).

### (b) Financial Instrument Risk Exposure

#### *Foreign currency risk*

The Company has international operations in West Africa, namely Burkina Faso, Mali and Liberia and an administrative office in Western Australia. The multiple locations expose the Company to foreign exchange risk as detailed below:

- Canadian dollar (CAD) – primary source of Company funding and its corporate and regulatory costs.
- Australian dollar (AUD) – administrative costs in Western Australia.
- Euro and Communauté Financière Africaine Francs (CFA) – funding of African operations.

Management's policy is to actively manage foreign exchange risk. Management mitigates foreign exchange risk by continuously monitoring forecasts and spot prices of foreign currency and holding foreign currency based on expected future expenditure commitments.

The carrying amounts of the Company's financial assets and liabilities are denominated in USD, except as set out below:

	<b>As at December 31, 2023</b>		
	<b>AUD</b>	<b>CAD</b>	<b>Euro</b>
	<b>\$</b>	<b>\$</b>	<b>€</b>
Cash and cash equivalents	706,622	3,933	5,866
Payables	57,344	92,417	27,235
	<hr/>		
	<b>As at December 31, 2022</b>		
	<b>AUD</b>	<b>CAD</b>	<b>Euro</b>
	<b>\$</b>	<b>\$</b>	<b>€</b>
Cash and cash equivalents	1,182,363	16,690	21,018
Payables	69,844	19,801	31,106

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***Sensitivity***

Based on the financial instruments held as at December 31, 2023, had the US dollar weakened/strengthened by 10% against the AUD, CAD or Euro, with all other variables held constant, the Company's losses/gains for the year would have been mainly as a result of foreign exchange gains/losses in translation of foreign denominated currencies. The following table summarises the sensitivity of the Company's cash and cash equivalents to changes in foreign exchange rates.

The Company's exposure to other foreign exchange movements is not material.

	<b>As at December 31, 2023</b>		
	<b>AUD</b>	<b>CAD</b>	<b>Euro</b>
	<b>\$</b>	<b>\$</b>	<b>€</b>
USD Strengthened by 10%	(40,170)	6,068	2,144
USD Weakened by 10%	49,096	(7,416)	(2,620)

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	<b>As at December 31, 2022</b>		
	<b>AUD</b>	<b>CAD</b>	<b>Euro</b>
	<b>\$</b>	<b>\$</b>	<b>€</b>
USD Strengthened by 10%	(68,940)	209	981
USD Weakened by 10%	84,260	(255)	(1,199)

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable.

The Company has reduced its credit risk by holding all of its cash and cash equivalents with an Australian financial institution, whose Moody's Investor Service rating is Aa3, except for working capital requirements in West Africa.

***Liquidity risk***

Ultimate responsibility for liquidity risk rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Company's funding and liquidity requirements.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are adequate funds available to meet its operating and growth objectives. The Company relies on issuance of shares to fund exploration programs and will most likely issue additional shares in the future.

***Interest rate risk***

The Company is exposed to interest rate risk as entities in the Company deposit funds at both short-term fixed and floating rates of interest. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at variable rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

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## 9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responding to changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to capital management during the year ended December 31, 2023. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. The Company is not subject to externally imposed capital requirements.

The properties in which the Company currently has interests are in the exploration stage. As such, the Company does not recognise revenue from its exploration properties. The Company's historical source of capital has consisted of the issue of equity securities, options and warrants. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is exposed to various funding and market risks which could curtail its access to funds.

## 10. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name of entity	Country of Incorporation	Class of shares	Functional Currency	Equity holding %	
				2023	2022
Sarama Investments Ltd	British Virgin Islands	Ordinary	USD	100	100
Sarama Investments (No.2) Limited	British Virgin Islands	Ordinary	USD	100	100
Sarama Investments Mali Limited	British Virgin Islands	Ordinary	USD	100	100
Vasto Mining Limited	British Virgin Islands	Ordinary	USD	100	100
Burkina Faso Holdings Limited	British Virgin Islands	Ordinary	USD	100	100
SWA BF No.3 Investments Limited	British Virgin Islands	Ordinary	USD	100	100
Sarama Mining Burkina SUARL	Burkina Faso	Ordinary	USD	100	100
Sarama Faso SARL	Burkina Faso	Ordinary	USD	100	100
SWA SARL	Burkina Faso	Ordinary	USD	100	100
Eburnean Resources Limited – Burkina SARL	Burkina Faso	Ordinary	USD	100	100
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	100	100

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**11. SEGMENT REPORTING**

The Company consider the Board of Directors to be the chief operating decision maker.

The Company has one business segment, being the acquisition, exploration and potential development of mineral properties. The Company has operations in one geographic area, being Burkina Faso.

**As at and for the year ended December 31, 2023**

	<b>Burkina Faso</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$
<b>Segment current assets</b>	20,372	547,772	568,144
<b>Segment non-current assets</b>			
Plant and equipment	28,414	5,683	34,097
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	<u>1,864,585</u>	<u>28,814</u>	<u>1,893,399</u>
<b>Segment total assets</b>	<b><u>1,884,957</u></b>	<b><u>576,586</u></b>	<b><u>2,461,543</u></b>
<b>Segment liabilities</b>	<b><u>30,739</u></b>	<b><u>1,097,636</u></b>	<b><u>1,128,375</u></b>
<b>Segment Loss</b>			
Loss for the period from continuing operations	<b><u>1,316,126</u></b>	<b><u>1,162,661</u></b>	<b><u>2,478,787</u></b>

**As at and for the year ended December 31, 2022**

	<b>Burkina Faso</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$
<b>Segment current assets</b>	35,533	937,370	972,903
<b>Segment non-current assets</b>			
Plant and equipment	79,590	10,452	90,042
Investment in Associate	1,836,171	-	1,836,171
Receivables – non-current	130,342	-	130,342
Royalty	-	23,131	23,131
	<u>2,046,103</u>	<u>33,583</u>	<u>2,079,686</u>
<b>Segment total assets</b>	<b><u>2,081,636</u></b>	<b><u>970,953</u></b>	<b><u>3,052,589</u></b>
<b>Segment liabilities</b>	<b><u>37,994</u></b>	<b><u>668,990</u></b>	<b><u>706,984</u></b>
<b>Segment Loss</b>			
Loss for the period from continuing operations	<b><u>2,390,519</u></b>	<b><u>1,811,776</u></b>	<b><u>4,202,295</u></b>

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**12. BASIC AND DILUTED LOSS PER SHARE**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	(1.6)	(3.3)
	<b>\$</b>	<b>\$</b>
Net loss used in calculating basic/diluted loss per share	(2,478,787)	(4,202,295)
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	151,790,992	126,337,042

Diluted loss per share as at December 31, 2023 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

Reconciliation of loss after tax to net cash flows from operations

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(2,478,787)	(4,202,295)
Depreciation	31,563	26,092
Finance charges	-	49,829
Fair value gain on warrants carried at fair value through profit or loss	(288,488)	(226,284)
Gain on disposal of plant & equipment	(28,391)	-
Stock-based compensation	199,894	188,063
Movements in provisions	44,134	97,541
Net exchange differences – (gain)/loss	42,136	344,848
Net cash outflows used in operating activities before change in working capital	(2,477,939)	(3,722,206)
Change in working capital	577,471	(1,243,956)
Net cash outflows used in operating activities	(1,900,468)	(4,966,162)

**14. PREPAYMENTS**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Insurance	26,175	49,458
Other	1,996	33,122
	<u>28,171</u>	<u>82,580</u>

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**15. ACCOUNTS PAYABLE & ACCRUED LIABILITIES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Accounts payable	108,419	165,633
Directors' fees	54,284	27,836
Deferred salaries	381,439	-
Annual leave entitlements	351,127	306,601
	895,269	500,070

Deferred salaries and annual leave entitlement (together “employee entitlements”) relate to 4 key management personnel, and each have agreed a contract variation to their employment agreement whereby:

- i) if an employment contract is terminated, the employee will not enforce immediate payment of their employee entitlements.
- ii) the variation remains in place until January 1, 2025.
- iii) in the event this employment agreement is terminated by either party prior to January 1, 2025, the employee agrees to convert any employee entitlements payable into an unsecured loan from the Company with interest accrued based on 90 day bank bill swap rate plus 8%.
- iv) if the Company is subject to a change of Control event, the loan becomes due and payable immediately.
- v) In the event a Change of Control event occurs this variation terminates immediately.

**16. RELATED PARTY TRANSACTIONS**

*Parent Entity*

Sarama Resources Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 10.

*Associates*

Interests in associates are set out in Note 5.

*Transactions with related parties*

The following remuneration to Key Management Personnel was recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

<b>Year</b>	<b>Salary (2) \$</b>	<b>Directors' Fees \$</b>	<b>Stock-based compensation \$</b>	<b>Pension value (1) \$</b>	<b>Total compensation \$</b>
<b>2023</b>	774,570	99,217	182,771	65,288	<b>1,121,846</b>
<b>2022</b>	704,549	102,675	171,364	54,603	<b>1,033,191</b>

**Notes:**

- (1) The Company is required by applicable law in Australia to make an annual contribution of 11% (effective from July 1, 2023) of gross annual salary to the nominated superannuation funds of Australian employees. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Company contributes. The Company contributes to superannuation funds of Australian resident named executive officers (NEO) at a rate of 11% of base salary per year, in addition to the base salary. The Company does not provide defined benefit plans or other pension entitlements for any of its employees.
- (2) The salaries of key management personnel are paid in Australian and Canadian dollars and are therefore subject to currency variation when converted to United States dollars.

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*Receivable from and payable to related parties*

The following transactions occurred with related parties:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Current payables:		
Directors' fees	54,284	27,836
Deferred salaries	381,439	-

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**17. AUDITORS' REMUNERATION**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	\$	\$
Audit or review of the financial statements	24,853	19,894
Audit related fees	-	12,578
Tax fees	1,313	1,398
	<u>26,166</u>	<u>33,870</u>

**18. CONTINGENT LIABILITY: TAX ASSESSMENT – BURKINA FASO**

The Company is subjected to a tri-annual taxation audit pursuant to Burkina Faso taxation laws and regulations. The Company's most recent audit was undertaken in the fourth quarter of 2021. As a result of this audit, the Burkina Faso taxation authorities have identified several matters as potentially attracting additional tax liabilities which have not been accounted for by the Company. The Company disputes the basis for, or quantum of, the related tax claims and has commenced the process for this to be reviewed. The review process requires filing of dispute materials with the relevant government authorities which was filed on May 6, 2022. The Company has yet to receive any further communication since the filing. Should that review process resolve in an outcome considered unsatisfactory, the Company may challenge the outcome by commencing court proceedings in Burkina Faso. The Company considers that the above process is common in Burkina Faso and the Company has been through a similar process in its previous tri-annual audits. The Board has assessed the likely outcomes of the process and concluded that the likely outcome is not considered to be material to the Company's financial position.

**19. ASX INFORMATION**

Sarama's admission to the official list of ASX was conditional on, amongst other things, Sarama undertaking to ASX to include the following information in each annual report:

1. Sarama is incorporated in British Columbia under the Business Corporations Act, with incorporation number BC0878074.
2. Sarama is not subject to chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) (Corporations Act) dealing with the acquisition of its shares (including substantial holdings and takeovers).
3. There are no limitations under the laws of Canada on the right to acquire outstanding securities of the Company, except that:
  - (a) The Investment Canada Act may require pre-closing review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian." A "non-Canadian" generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians. The Investment Canada Act also creates a national security regime pursuant to which any level of investment in the Company by foreign state-owned enterprises and foreign state-influenced private investors may be subject to review and could be prohibited if the Government of Canada determines that the investment could be injurious to Canadian national security.

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- (b) The Competition Act (Canada) may require pre-closing notification to and approval by the Competition Bureau (Canada) for certain acquisitions of more than 20% of the shares of the Company, where certain party and transaction size thresholds are met. In some cases, the Commissioner of Competition may seek to block or dissolve such a merger in proceedings before the Competition Tribunal (Canada).
- (c) Applicable Canadian securities laws contain comprehensive requirements relating to “takeover bids”, which apply to any offer to purchase, solicitation of an offer to sell, acceptance of an offer to sell or any combination of the foregoing, which is made to one or more persons whose last address as shown on the books of the Company is in Canada, where the securities subject to the offer, together with the offeror’s own securities, constitute in the aggregate 20% or more of the outstanding shares of the Company.
4. There are no limitations the organising documents of the Company on the right to acquire outstanding securities of the Company.
5. As at 31 December 2023, to the best of Sarama’s knowledge based on the available information, the substantial holders in Sarama (within the meaning of section 671B of the Corporations Act) are as follows:

Holder	Fully paid equity securities in which the Holder and its associate have a relevant interest	
	Number	%
Myrmikan Gold Fund LLC	17,981,760	9.91%
Konwave AG	15,338,999	8.45%
Silver Lake Resources	10,706,636	5.90%
Phoenix Gold Fund	10,095,000	5.56%