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SARAMA SIGNS MOU OVER WEST AUSTRALIAN GOLD PROJECT

PERTH, AUSTRALIA / VANCOUVER, CANADA. Sarama Resources Ltd. (“Sarama” or the “Company”) (ASX:SRR, TSX-V:SVA) is pleased to announce that it has signed a non-binding Memorandum of Understanding (“MOU”) with Cosmo Gold Limited (“Cosmo”) and Adelong Gold Limited (“Adelong”) to acquire rights to the Cosmo Newbery Project (the “Project”), located in Eastern Goldfields of Western Australia, which have historically been highly prospective.

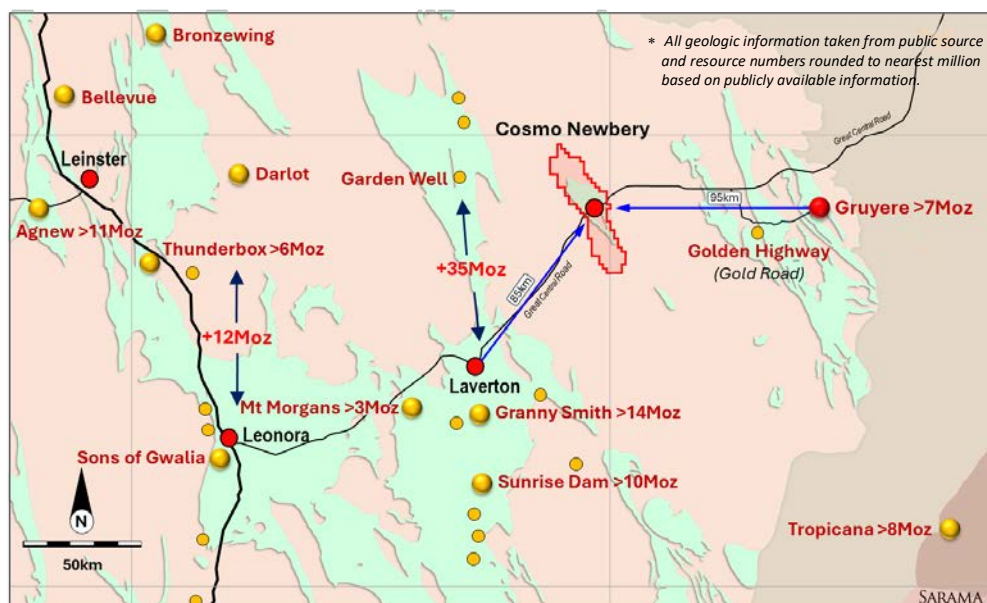
The acquisition will be subject to completion of due diligence, execution of a definitive agreement and satisfaction of certain Conditions Precedent including but not limited to, shareholder and stock exchange approvals and assignment of land access agreements. The MOU contemplates that Sarama will acquire this interest through a combination of share and cash payments and tenement expenditure. The Key Commercial Terms and Conditions Precedent are set out in Schedule 1 to this news release.

PROJECT HIGHLIGHTS

- Located between Laverton and Gold Road Resources’ Gruyere gold mine
- One of the last effectively unexplored greenstone belts in Western Australia
- Land access impediments restricted modern exploration
- Land access obtained with Agreements in place with Traditional Owners and Ministerial Consent

About the Cosmo Newbery Project

The Project is comprised of 7 early-stage gold exploration properties located in the Eastern Goldfields of Western Australia. The Project is located approximately 85km northeast of Laverton and is readily accessible via the Great Central Road which services the Cosmo Newbery Community and the >7Moz Gruyere Gold Mine, 95km to the east.



Cosmo Newbery Project location

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The Project is situated on one of the last unexplored greenstone belts in Western Australia and it has seen virtually no modern exploration or drilling of merit, with only soil sampling and limited RAB drilling being undertaken and no holes deeper than 32m vertically below surface. The Project tenure is contiguous and covers approximately 583km² and the entire +50km extent of the greenstone belt (the “**Cosmo Newbery Belt**”).

The Cosmo Newbery Belt represents a large and prospective system with gold first being discovered in the area in the 1890’s. Multiple historical gold workings are documented within the Project area and work undertaken to date, has identified multiple exploration targets for follow up.

Exploration prospectivity and potential is highlighted by the following observations:

- the Project is mostly unexplored however it has clear gold showings and strong geological and structural similarities to the adjacent Dorothy Hills greenstone belt which hosts the +7Moz Gruyere gold deposit;
- the Project is underlain by prospective volcanic and volcano-sediment rocks with localised intrusives, however is mostly under shallow cover and has seen little to no significant exploration;
- a major regional fault/shear system extending for +50km combined with granite-greenstone rocks, has the potential to provide requisite fluid pathways and favourable host rocks that are amenable to gold mineralisation;
- historic small-scale mining east of this regional system indicates gold deposition in the immediate area; and
- soil geochemical and geophysical surveys have identified numerous exploration targets for gold and nickel-cobalt and rare earth elements.

The Project is located on reserves for the use and benefit of Aboriginal people and has remained mostly unexplored in modern times due to the protracted period of time taken to initially resolve native title, followed by the need to negotiate Access Agreements and obtain Ministerial consent. Land access agreements are now in place with the respective Native Title holding groups and Ministerial consent has been obtained.

Prior to the determination of native title, little exploration was undertaken due to approximately 75% of the Project area being under cover and modern geochemical and exploration techniques being unavailable.

Sarama’s Managing Director, Andrew Dinning commented:

“We are excited by the possibility of becoming involved in the Cosmo Newbery Gold Project which is situated in a highly prospective and prolific part of the Eastern Goldfields of Western Australia. The scale of the Project area, favourable geological setting, historic gold showings and complete lack of modern exploration presents the company with a unique exploration opportunity upon closure of this potential acquisition”

This announcement was authorised for release to the ASX by the Board of Sarama Resources Ltd.

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

For further information, please contact:

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CAUTION REGARDING FORWARD LOOKING INFORMATION

Information in this news release that is not a statement of historical fact constitutes forward-looking information. Such forward-looking information includes, but is not limited to, statements regarding the prospectivity of the Cosmo Newbery Project, information with respect to Sarama Resources Ltd's ("Sarama" or the "Company") planned exploration activities, having or acquiring interests in projects in areas which are considered highly prospective for gold and remain under-explored, costs and timing of future exploration, the potential for exploration discoveries, the intention to gain the best commercial outcome for shareholders of the Company, statements regarding results of future exploration and drilling, timing and receipt of approvals, consents and permits under applicable legislation, the entering into or completion of a transaction to acquire the Cosmo Newbery Project. Actual results, performance or achievements of the Company may vary from the results suggested by such forward-looking information due to known and unknown risks, uncertainties and other factors, many of which are beyond our control. Such factors include, among others, that the business of exploration for gold and other precious minerals involves a high degree of risk and is highly speculative in nature; mineral resources are not mineral reserves, they do not have demonstrated economic viability, and there is no certainty that they can be upgraded to mineral reserves through continued exploration; few properties that are explored are ultimately developed into producing mines; geological factors; the actual results of current and future exploration; changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. 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.

There can be no assurance that any mineralisation that is discovered will be proven to be economic, or that future required regulatory licensing or approvals will be obtained. However, the Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, the Company's ability to carry on its exploration activities, the sufficiency of funding, the timely receipt of required approvals, the price of gold and other precious metals, that the Company will not be affected by adverse political and security-related events, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain further financing as and when required and on reasonable terms.

The signed Memorandum Of Understanding ("MOU") to acquire the Cosmo Newbery Project is non-binding and there can be no assurance that the MOU will become binding, or a binding agreement will be reached at all.

Readers should not place undue reliance on forward-looking information. Sarama does not undertake to update any forward-looking information, except as required by applicable laws.

QUALIFIED PERSON'S STATEMENT

Scientific or technical information in this disclosure that relates to the Cosmo Newbery Project is based on information reviewed and approved by Mr Adrian Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG and an employee of Sarama Resources Limited. Mr Byass is a member of the Australian Institute of Geoscientists and is a "Qualified Person" within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Byass consents to the inclusion in this news release of the information, in the form and context in which it appears.

Schedule 1

Key Commercial Terms of MOU

Sarama to acquire 80% of Cosmo's rights to the Project for the following consideration

- 25 million common shares in Sarama (the "Shares")
- 7.5 million options in Sarama with an exercise price of A\$0.05 valid for 2 years (the "Options")
- The payment of A\$100,000 in two tranches to Cosmo
- Undertake direct tenement and Project reparations to ensure tenement continuity
- Cover minimum tenement expenditure for a period of 2 years

Sarama will retain an option to acquire the remaining 20% of the Project for A\$1,250,000 for a period of two years. If this option is not exercised, then Cosmo will be free carried to the decision to mine, on standard terms.

Cosmo will assign the Share and Option consideration to Adelong in return for Adelong settling all outstanding debts and liabilities between Cosmo and Adelong.

The MOU to acquire Cosmo's rights to the Project is non-binding and there can be no assurance that the MOU will become binding, or a binding agreement will be reached, however it is the intent of all parties involved to reach agreement on final terms and close the contemplated transaction.

Conditions Precedent

Conditions Precedent to be satisfied or waived by Sarama include:

- a. Complete assignment of Native Title and Land Access Agreements,
- b. Completion of the transfer of the 80% Project interest to Sarama by Cosmo,
- c. Approval by the Cosmo and Adelong boards of all terms of the Definitive Agreement and all other related Agreements,
- d. Receipt of shareholder approval by Cosmo for the sale and transfer an initial 80% interest in the Project, and for the disposal of the remaining 20% interest in the Project to Sarama should Sarama exercise its right to acquire the remaining 20% interest,
- e. Receipt of shareholder approval by Adelong when and if required for the settlement of the Cosmo loan on the terms set out in this agreement,
- f. Adelong settling all debts and liabilities owed to or that may arise between Adelong and Cosmo in consideration of the Shares and Options,
- g. Adelong will not novate, call or in any way change or alter the debt between Adelong and Cosmo from the date of execution of the Head of Agreement and extinguishing of all debts referred to in Key Commercial Terms above,
- h. Cosmo will provide a Solvency statement from current directors, subject to the payments set out in Key Commercial Terms above,
- i. Tenure is not to be relinquished or forfeited at any point, and
- j. Approval of the TSX Venture Exchange to the issuance of Shares and Options and to the transfer of the Shares and Options from Cosmos to Adelong.