

MAY 24, 2016



## SARAMA RESOURCES ACQUIRES THE BONDI GOLD DEPOSIT IN BURKINA FASO FROM OREZONE GOLD

**VANCOUVER, CANADA.** Sarama Resources Ltd. (“**Sarama**” or the “**Company**”) (TSX-V:SWA) is pleased to announce that it has signed a binding Heads of Agreement with Orezone Gold Corporation (“**Orezone**”) for the Company to acquire the Bondi gold deposit (“**Bondi**”). Bondi is 100% owned by Orezone and is located immediately adjacent to Sarama’s South Houndé Project in south-western Burkina Faso. The deposit has a historical estimate of Mineral Resources of 282,000oz Au (measured and indicated) and 150,000 Au (inferred)<sup>1,2</sup> and is within trucking distance of Sarama’s South Houndé Project.

Completion of the acquisition will bolster Sarama’s position in the region, consolidating ownership of advanced assets in the highly prospective Houndé Belt and providing significant optionality for the development of a mine in the region.

### Highlights

- Historical estimate of Mineral Resources (published by Orezone in 2009, reported at 0.5g/t Au cut-off grade)<sup>2</sup>:
  - **4.1Mt @ 2.1g/t Au for 282,000 oz Au** (measured and indicated); and
  - **2.5Mt @ 1.8g/t Au for 150,000 oz Au** (inferred)
- The historical estimate includes a large component of higher-grade material (reported at 2.0g/t Au cut-off grade)<sup>2</sup>:
  - **1.4Mt @ 4.2g/t Au for 186,000 oz Au** (measured and indicated)
- Bondi is located within trucking distance of both the 2.1Moz Au<sup>3,4</sup> South Houndé Project and the 0.7Moz Au<sup>5,6</sup> Karankasso Project and upon completion Sarama will have significant interests in three advanced projects in the southern Houndé Belt
- Opens up development options for the South Houndé Project and presents possible development routes where regional deposits are combined to feed a multi-source gold production centre
- Drill-defined mineralisation extends over a 4.1km strike length and extends to approximately 320m below surface
- Majority of Bondi’s mineralisation is well defined by 25-40m x 25m spaced drilling
- Metallurgical testwork commissioned by Orezone concluded that mineralisation is amenable to processing by cyanidation at a conventional grind size of P<sub>80</sub> 75 micron, with composite samples of oxide and fresh material achieving gold extractions of 97% and 91% respectively<sup>7</sup>
- Historical expenditures of over US\$9M on the property by Orezone and others
- Upon completion of the transaction and in consideration of the acquisition, Orezone will receive, from Sarama:
  - 9.6 million common shares in the capital of Sarama (valued at \$1.44M at a share price of \$0.15 per share);
  - 3 million warrants for common shares in Sarama, exercisable for 2 years at a price of \$0.195 per share;
  - 2 million warrants for common shares in Sarama, exercisable for 3 years at a price of \$0.240 per share; and
  - a production royalty of US\$20/ounce sold on the first 200,000 ounces of gold sold from the Property, as defined hereafter.

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## Property Details

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### Location & Strategic Fit

The Bondi gold deposit is located within the 168km<sup>2</sup> Djarkadougou exploration property (the “**Property**”) which lies adjacent to Sarama’s 2.1Moz<sup>3,4</sup> Au South Houndé Project in south western Burkina Faso (refer Figures 1 and 2). Bobo-Dioulasso, Burkina Faso’s second largest city, is located approximately 75km to the west and is linked by a paved highway that transects the Property. The mineral resources within the South Houndé and Karankasso Projects are each located approximately 30km (straight line) from Bondi, presenting an opportunity to ultimately combine the three deposits by trucking feed to a central processing facility.

Metallurgical testwork by Sarama at the South Houndé Project has identified several processing flowsheets including heap leaching for oxide material and a staged tank-based plant for hard rock material. The combination of Bondi and the South Houndé Project puts Sarama in a position where, building on recent exploration success, it can contemplate development options via several possible processing routes.

### Exploration & Mineral Resources Estimate

Since 1998, Orezone and others have conducted systematic exploration on the Property, including approximately 80,000m drilling (reverse circulation and diamond core), which culminated in the delineation of sub-vertical, shear-zone hosted mineralisation along a strike length of 4.1km. The mineralised lodes are up to 24m in width and have been intersected to a vertical depth of approximately 320m by the deepest drilling (refer Figures 3 and 4). Gold is associated with disseminated sulphides (predominantly pyrite) in quartz veins and veinlets that are hosted by quartz-feldspar-porphyry, sheared arenite-argillite and mafic dykes. Alteration envelopes of varying composition are also present.

In 2009, Orezone published a Mineral Resource for Bondi (see note on Historical Estimate below), reported at a cut-off grade of 0.5g/t Au<sup>2</sup>, comprising:

- **4.1Mt @ 2.1g/t Au for 282,000 oz Au** (measured and indicated); and
- **2.5Mt @ 1.8g/t Au for 150,000 oz Au** (inferred)

This Historical Estimate included a high-grade component (reported at a cut-off grade of 2.0g/t Au) of **1.4Mt @ 4.2g/t for 186,000 oz Au** (measured and indicated)<sup>2</sup>, which reflects several shoot-controlled, high-grade zones within the lodes.

### Metallurgical Performance

Metallurgical testwork commissioned by Orezone in 2013 concluded that the mineralisation is amenable to processing using a standard cyanidation flowsheet, with gold extractions of 97% and 91% being achieved for composite samples of oxide and fresh mineralisation respectively at a conventional grind size of P<sub>80</sub> 75 micron<sup>7</sup>. The metallurgical testwork results are contained in a report (*Report on Metallurgical Testing – Bondi Drill Samples MLI Job No. 3685, May 29 2013*) compiled by McClelland Laboratories Inc. (Canada) (the “**Metallurgy Report**”).

### Disclosure of Historical Estimate

In February 20, 2009, Met-Chem Canada Inc. prepared a Canadian National Instrument 43-101 (“**NI 43-101**”) technical report (*Technical Report on the Mineral Resource of the Bondigui Gold Project*) on Bondi for Orezone (the “**Technical Report**”). The Technical Report included disclosure of a Mineral Resource estimate which Sarama considers to be relevant and reliable at the time of disclosure given that it was prepared to NI 43-101 standards.

During a recent due diligence site visit to the Property, Sarama noted that oxide areas of the Bondi mineral resource have been affected by artisanal mining. The Company is not able to reliably estimate the extent of depletion and quantify its effect on the oxide component of the mineral resource. A Qualified Person has not done sufficient work to classify this Mineral Resource as a current Mineral Resource and as a result, Sarama is treating this resource as a Historical Estimate, as defined in NI 43-101, and not as a current Mineral Resource.

The Technical Report and the Metallurgy Report are currently available on Orezone’s website [www.orezone.com](http://www.orezone.com). The Technical Report is also available under Orezone’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Key Commercial Terms**

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Pursuant to the terms of the Heads of Agreement, subject to TSX Venture Exchange approval and satisfaction of certain conditions set out in the Heads of Agreement, Sarama will issue to Orezone:

- 9.6 million common shares in the capital of Sarama (valued at \$1.44M at a share price of \$0.15 per share);
- 3 million warrants for common shares in Sarama, valid for 2 years and exercisable at a price of \$0.195 per share, being 30% above the volume-weighted average price (calculated over a 10-trading day period immediately before the execution of the Heads of Agreement); and
- 2 million warrants for common shares in Sarama, valid for 3 years and exercisable at a price of \$0.240 per share, being 60% above the volume-weighted average price (calculated over a 10-trading day period immediately before the execution of the Heads of Agreement).

Both warrants series will have an accelerated expiry, giving Sarama the option to reduce the life of the warrants if, at any time during their life, the closing price of Sarama common shares is 100% above the respective exercise prices for 15 consecutive trading days.

Orezone will also be entitled to receive a production royalty of US\$20/ounce gold sold on the first 200,000 ounces of gold produced from within the Property, or its successor mineral tenure area.

Sarama and Orezone anticipate completing a definitive agreement in respect of the Bondi acquisition in the coming weeks and will commence the transfer process for the Djarkadougou Permit shortly thereafter.

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Sarama's President and CEO, Andrew Dinning, commented:

*"Sarama is excited to have entered into this agreement with Orezone to acquire the Bondi deposit. Orezone has undertaken a great deal of work on the deposit which complements our South Houndé Project and is expected to be highly accretive to Sarama on a NAV per share basis.*

*We are also pleased that a successful industry player like Orezone recognises the value of combining the projects and starting the consolidation of the highly prospective southern Houndé Belt. We look forward to the completion of this transaction which will result in Sarama having significant interests in three advanced gold projects in the region which the Company sees as providing optionality and pathways for potential project development.*

*We would also like to welcome Orezone to Sarama's register as a significant shareholder and look forward to realising the mutually beneficial outcomes that this transaction can deliver."*

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

**Andrew Dinning or Paul Schmiede**

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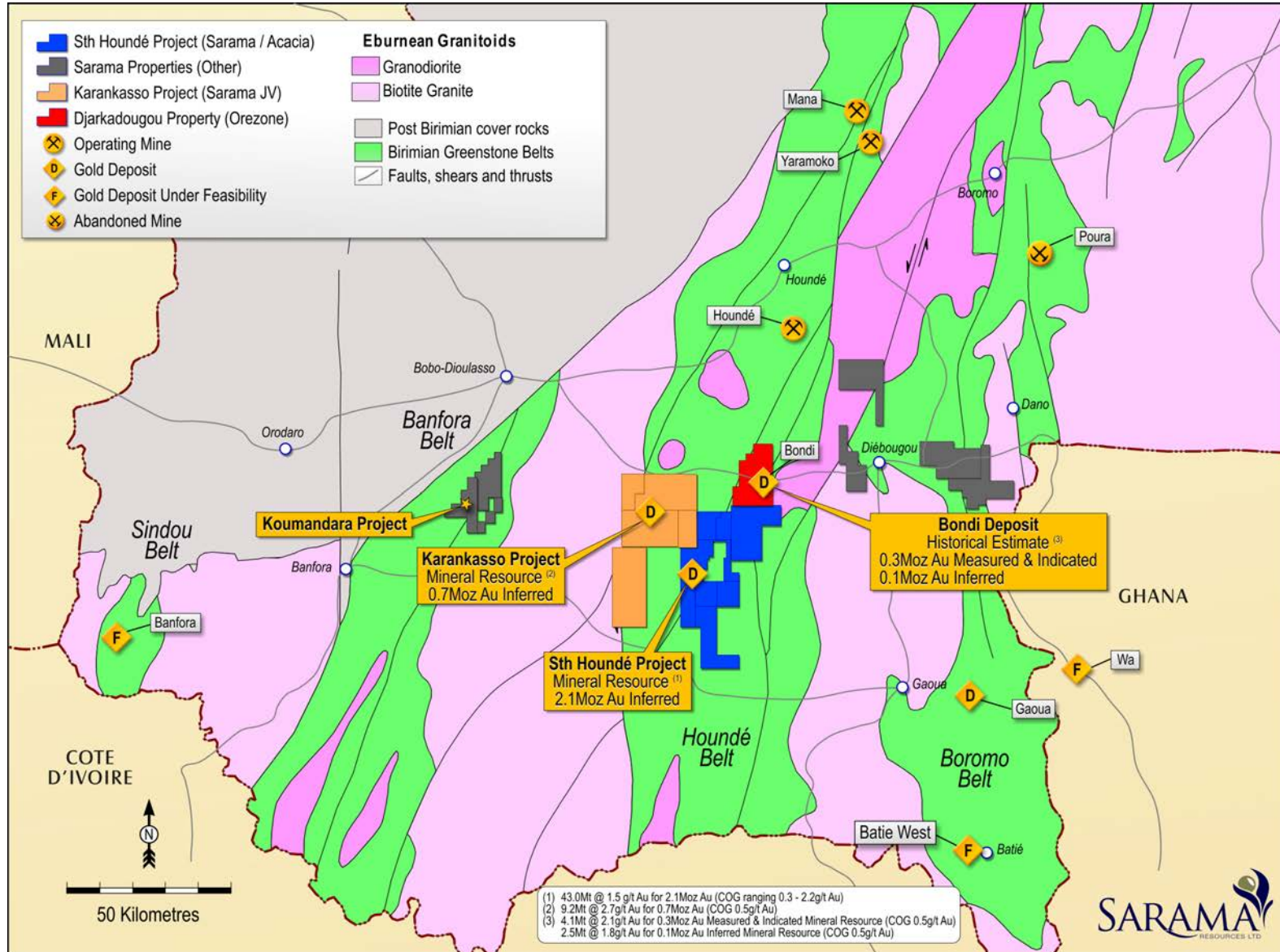


Figure 1 – Location Plan of Southern Houndé Belt Showing Major Projects

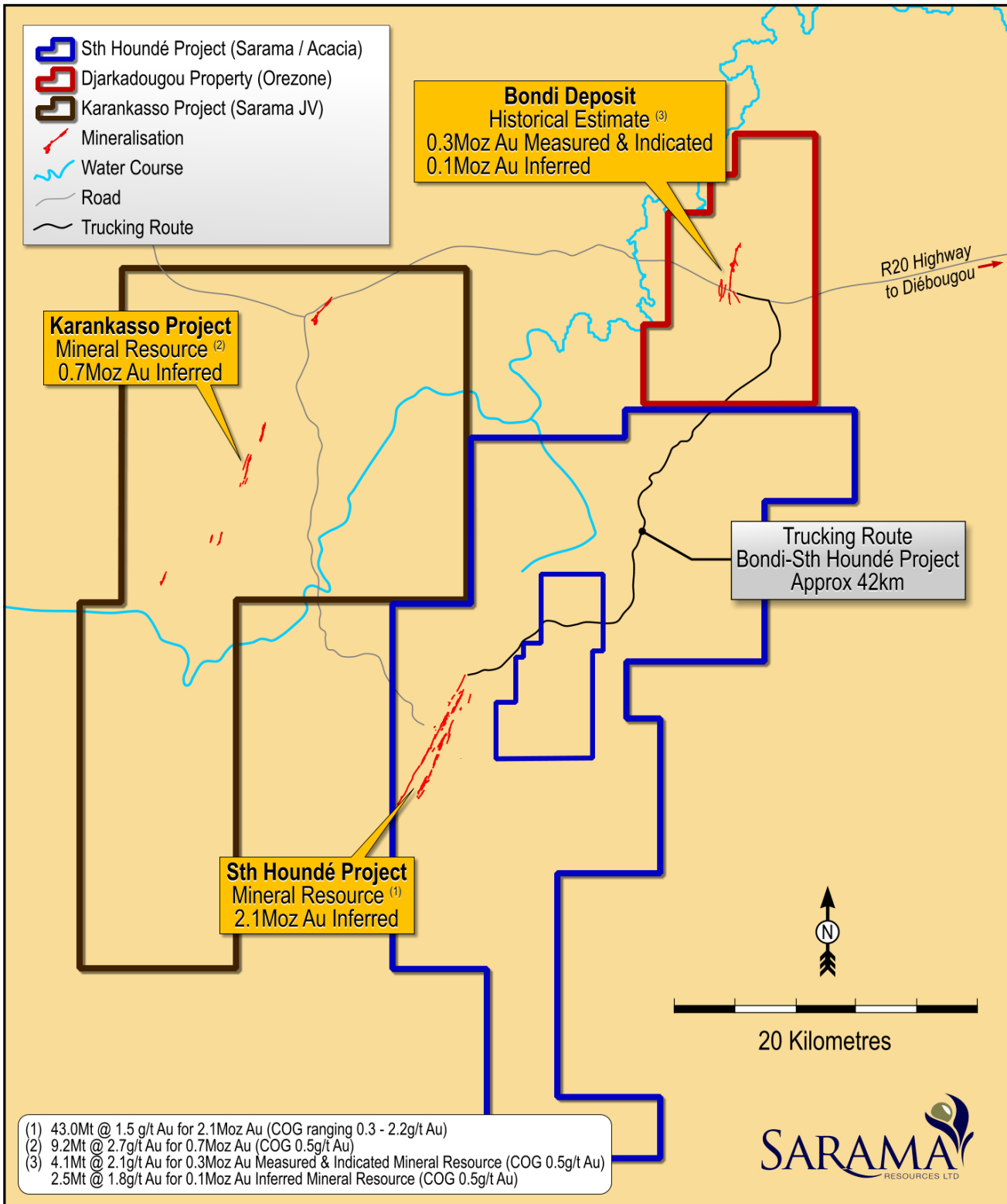


Figure 2 – Geographic Plan of Local Project Area

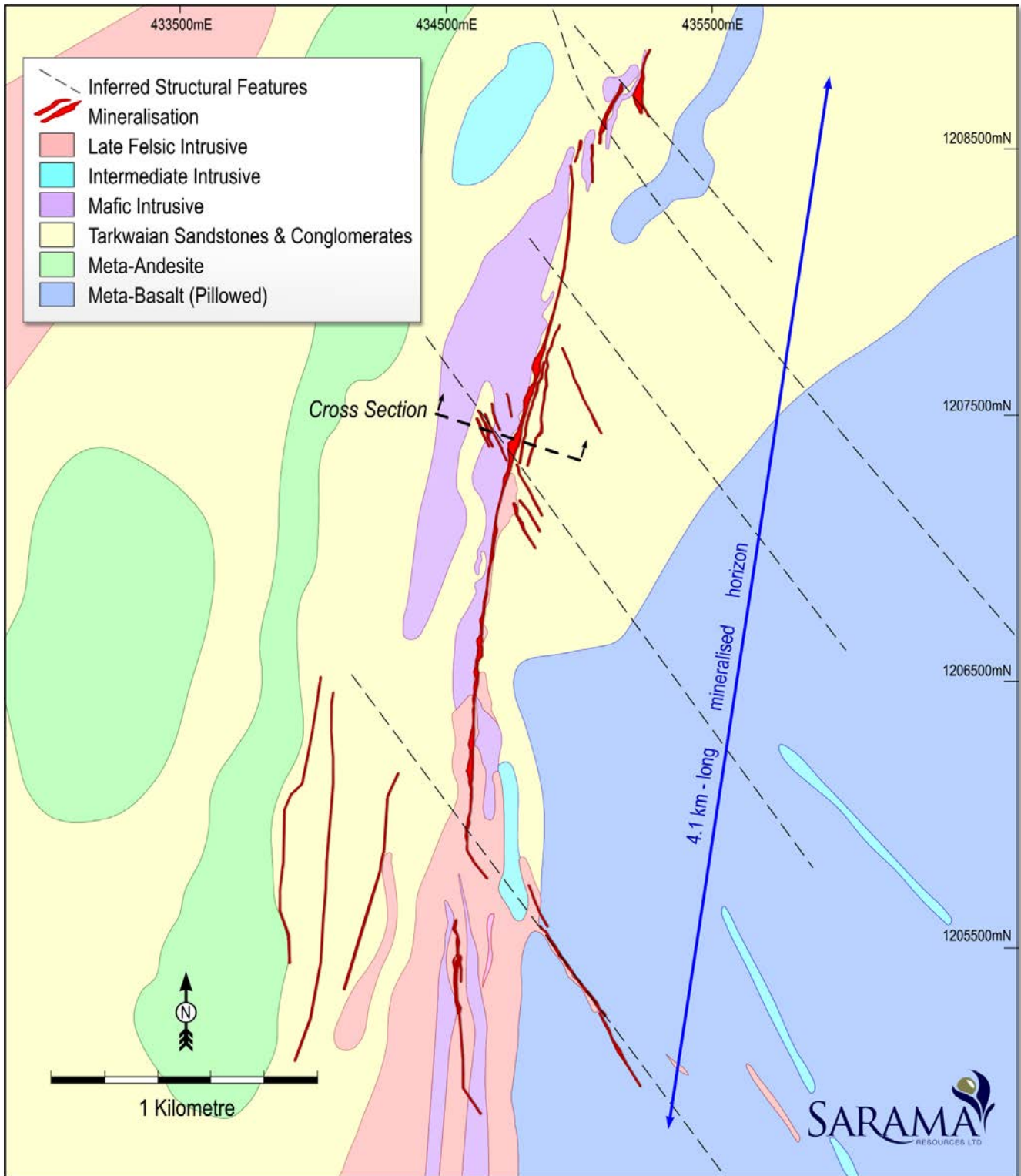


Figure 3 –Plan of Bondi Deposit Mineralisation

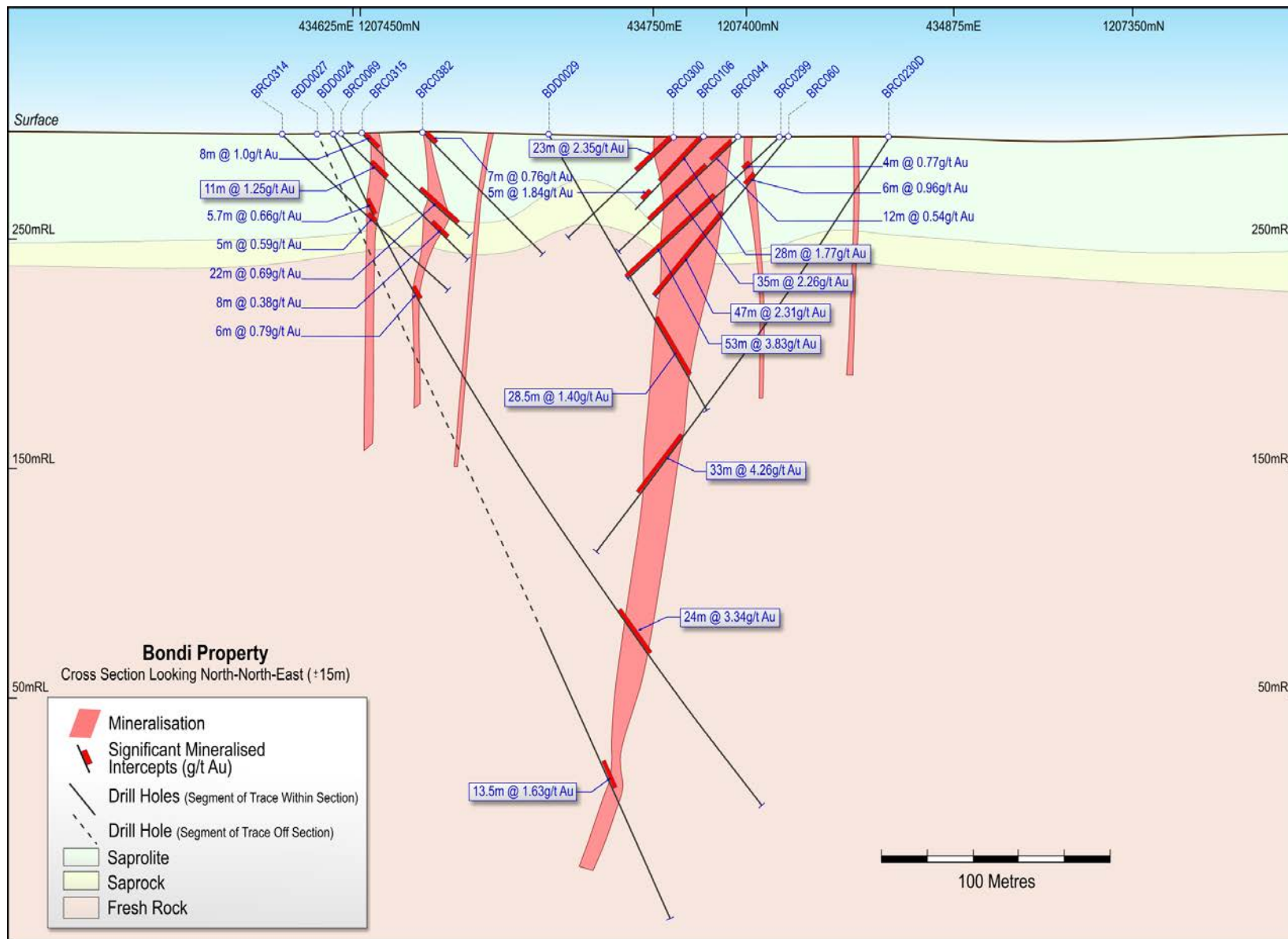


Figure 4 – Cross Section of Bondi Mineralisation

## **ABOUT SARAMA RESOURCES LTD**

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

Sarama's flagship properties are situated within the Company's South Houndé Project area in south-west Burkina Faso. Located within the prolific Houndé greenstone belt, Sarama's exploration programs have built on significant early success to deliver an inferred mineral resource estimate of 2.1 Moz gold<sup>3,4</sup>. Acacia Mining plc is earning up to a 70% interest in the South Houndé Project by satisfying certain conditions, including funding earn-in expenditures of up to US\$14 million, over a 4-year earn-in period and may acquire an additional 5% interest, for an aggregate 75% interest in the Project, upon declaration of a minimum mineral reserve of 1.6 million ounces of gold.

Sarama holds a 30% participating interest in the Karankasso Project Joint Venture ("JV") which is situated adjacent to the Company's South Houndé Project in Burkina Faso and is a JV between Sarama and Savary Gold Corp. ("Savary"). Savary is the operator of the JV and in October 2015, declared a maiden inferred mineral resource estimate of 671,000 ounces of contained gold<sup>5,6</sup> at the Karankasso Project JV.

Sarama has also agreed to acquire a 100% interest in the Bondi gold deposit from Orezone Gold Corporation (refer news release May 24, 2016). Bondi has a historical estimate of mineral resources of 0.3Moz Au (measured and indicated) and 0.1Moz Au (inferred)<sup>1,2</sup>.

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

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

## **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

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

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

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



## QUALIFIED PERSONS' STATEMENT

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

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

Scientific or technical information in this news release, in respect of the Bondi gold deposit, relating to metallurgical testwork information drawn from the Technical Report prepared for Orezone on that deposit and the Metallurgical Report prepared for Orezone on that deposit has been approved by Fred Kock. Fred Kock is an employee of Orway Mineral Consultants Pty. Ltd. and is considered independent of Sarama Resources Ltd. Fred Kock is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Fred Kock consents to the inclusion in this news release of the information, in the form and context in which it appears.

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

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<sup>1</sup> 4.1Mt @ 2.1g/t Au for 282,000 oz Au (measured and indicated) and 2.5Mt @ 1.8g/t Au for 149,700 oz Au (inferred), reported at a 0.5 g/t Au cut-off

<sup>2</sup> The effective date of the historical estimate of the Bondi deposit mineral resource estimate is February 20, 2009. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated February 20, 2009. The technical report is available under Orezone Gold Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>3</sup> 43.0 Mt @ 1.5 g/t Au (reported above cut-off grades ranging 0.3-2.2 g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the inferred mineral resources having reasonable prospects for eventual economic extraction)

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

<sup>5</sup> 9.2 Mt @ 2.3 g/t Au (at a 0.5 g/t Au cut-off)

<sup>6</sup> The effective date of the Karankasso Project JV mineral resource estimate is October 7, 2015. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report and Resource Estimate on the Karankasso Project, Burkina Faso", dated October 7, 2015. The technical report is available under Savary Gold Corp's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>7</sup> Gold extraction results are averages for the 48-hour extractions for high-grade and medium-grade composite samples for each material type tested by mechanical agitation (refer Tables 36-39 of the Metallurgy Report). Key testwork leach conditions were P<sub>80</sub> grind size of 75 micron, 40% v/v solids density, slurry pH 10.8-11.2, NaCN concentration 1.0g/l, 48-hour leach time. For further details, the Metallurgical Report is available on Orezone's website at [www.orezone.com](http://www.orezone.com).