

SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months (third quarter) and nine months ended September 30, 2019

Dated: November 28, 2019

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

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INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") is intended to supplement the interim consolidated financial statements of Sarama Resources Ltd. (the "**Company**" or "**Sarama**") and its subsidiaries for the three and Nine month period ended September 30, 2019.

The condensed interim consolidated financial statements for the three and nine month period ended September 30, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at November 28, 2019.

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

FORWARD-LOOKING STATEMENTS

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

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: our limited operating history, negative operating cash flow and need for additional financing; the early stage of our exploration and the fact that we have no mineral reserves; global economic conditions; our dependence on key management and qualified personnel; exploration, development and mining risks; title and property risks; risks related to the presence of artisanal miners; risks associated with operations in Africa; risks associated with maintaining a skilled workforce; risks relating to government regulations; environmental laws, regulations and risks; uncertainty regarding our ability to acquire necessary permits and comply with their terms; infrastructure risks; uninsurable risks; risks regarding our ability to enforce our legal rights; market factors and volatility of commodity prices; fluctuations in foreign exchange rates; competition; acquisition risks; conflicts of interest; price volatility in publicly traded securities; dilution; dividends and "passive foreign investment company" tax consequences to U.S. shareholders.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, our ability to meet our obligations under our property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on our mineral properties, the timely receipt of required approvals, the price of gold, the costs of operating and exploration expenditures, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. We cannot assure you that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.

OVERVIEW

Sarama is a Canadian-incorporated mineral exploration and development company whose principal business objective is to explore for and develop gold deposits in West Africa.

The Company was incorporated on April 8, 2010 under the Business Corporations Act (British Columbia). The Company's primary office is located in Perth, Western Australia. The Company's common shares are listed on the TSX Venture Exchange ("TSXV"). The Company's symbol is "SWA".

The Company has built and advanced substantial exploration landholdings in prospective and underexplored areas in West Africa, with a central focus on the southern Houndé greenstone belt in south-west Burkina Faso. As at September 30, 2019, the Company has significant interests in three Projects with mineral resources and is actively building exploration positions in other prospective areas.

Exploration and development activities are focussed within 2 major project areas in the south west of Burkina Faso with the most advanced being the southern Houndé Belt development area which hosts the South Houndé Project⁽⁴⁾ (2.1 Moz Au inferred mineral resources⁽¹⁾) and the adjoining ThreeBee Project (0.3Moz Au measured and indicated and 0.1Moz Au inferred mineral resource (historical)⁽³⁾). The Koumandara Project is an early-stage, regional exploration play and is located within the Banfora Belt.

The Company holds a 21.26% interest in the Karankasso Project JV (0.7Moz Au inferred mineral resources⁽²⁾) which is operated by Semafo Inc ("Semafo").

CORPORATE

Treasury

As at September 30, 2019, the Company had cash and cash equivalents of \$3,120,572 and no debt.

Renegotiation of Commercial terms of Definitive Agreement to regain 100% ownership of South Houndé Project

On November 18, 2019, the Company announced that it had renegotiated certain terms of the definitive agreement (the "**Agreement**") with Barrick TZ Ltd. ("**Barrick**"), formerly Acacia Mining plc ("**Acacia**"), originally executed 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 (or the "**Project**") in south-western Burkina Faso. The renegotiated terms resulted in an immediate return to 100% ownership of the Project and the reduction of the trailing reimbursement payment. The Company has agreed to waive certain closing conditions and, in return Barrick has agreed to amend and reduce the trailing cash reimbursement from a total of \$2 million in staged payments to \$1 million, payable 12 months from the date of this amendment.

Other terms of the Agreement remain unchanged and are as follows;

- Sarama will grant Acacia the right to commercial production-based payments consisting of:
 - o US\$1,000,000 on production of 10,000 oz gold;
 - o US\$1,000,000 on production of a further 5,000 oz gold;
 - o royalty payments, capped at gold production of 1Moz Au, according to sliding-scale royalty rates of:
 - 1.0% for gold price ≤US\$1300/oz;
 - 1.5% for gold prices >US\$1300/oz and ≤US\$1500/oz; and
 - 2.0% for gold prices >US\$1500/oz; and
- Sarama will grant to Acacia the following warrants for common shares in Sarama, exercisable for 5-years:
 - o 2.5M warrants, exercisable at C\$0.10 per share; and
 - o 2.5M warrants, exercisable at C\$0.20 per share.

EXPLORATION AND EVALUATION EXPENDITURE

During the current period the Company incurred exploration expenditure of \$505,316

The costs per active project area per each quarter for the current period ending September 30, 2019 and preceding four quarters is as follows;

	Three months ended September 30, 2018	Three months ended December 31, 2018	Three months ended March 31, 2019	Three months ended June 30, 2019	Three months ended September 30, 2019
South Houndé	11	(17,071)	-	599,925	184,522
ThreeBee	298,081	154,539	19,719	23,185	22,244
Koumandara	149,912	105,154	223,204	181,089	298,550
Other – Burkina Faso **	6,020	12,125	-	27,178	-
Mali	-	12,002	-	-	-
Total	454,024	266,749	242,923	831,377	505,316

** “Other – Burkina Faso” comprises properties within the Boromo and Bingo Projects

For the quarter ended September 30, 2019, the Company incurred exploration expenditure of \$505,136. Expenditure incurred at the South Houndé Project was \$184k which included drilling and assay (\$140k), plus allocation of administration, camp and technical support (\$44k). Costs at Koumandara project of \$299k included drilling and assay (\$202k), plus allocation of administration, camp and technical support (\$97k).

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

Burkina Faso

As at September 30, 2019 the Company had interests, directly and indirectly, in mineral properties covering an area of approximately 3,000km² located principally within the southern Houndé and Banfora Greenstone Belts, in south-west Burkina Faso. The exploration activities are primarily focussed within 2 geographical areas:

1. The southern Houndé Belt project area hosting the

- a. South Houndé Project,
- b. ThreeBee Project,
- c. Karankasso Project and;

2. The northern Banfora Belt project area hosting the

- a. Koumandara Project.

South Houndé Project

Property Information

The primary exploration focus of the Company has been its South Houndé Project which comprises seven properties covering an area of approximately 790 km². It is located in the southern Houndé Belt, which hosts Semafo's Mana Gold Mine, Roxgold Inc.'s Yaramoko Gold Mine and Endeavour Mining Corp's Houndé Gold Mine, and recent +1Moz Au discoveries including Teranga's Golden Hill deposit and Endeavour Mining's Kari Pump deposit. Recent exploration by Semafo produced the Bantou Nord discovery on a property adjacent to Sarama's South Houndé Project.

On November 27, 2014, the Company signed an earn-in agreement with Acacia. Over the ensuing 4 years, Acacia sole-funded project exploration and related expenditures of approximately \$13 million and earned rights to a 50% interest in the Project. On May 14, 2019, the Company executed a binding agreement with Acacia that provides for the termination of the earn-in agreement, rescinding Acacia's rights, and providing Sarama with 100% ownership and operational control of the Project. On June 1, 2019, the Company formally regained operatorship of the Project.

On February 8, 2016 the Company announced an updated mineral resource estimate¹ of 43Mt @ 1.5g/t Au for 2.1Moz of contained gold (inferred). Cube Consulting Pty Ltd, Orway Mineral Consultants Pty Ltd and Kappes, Cassidy & Associates Australia Pty Ltd prepared the technical report titled "NI 43-101 Independent Technical Report, South Houndé Project, Bougouriba and Ioba Provinces, Burkina Faso", dated March 29, 2016 and filed on SEDAR (www.sedar.com). There are no material differences in the technical information contained in the technical report compared to the disclosure in the February 8, 2016 news release.

Activities Completed in Q3 2019

- On June 1, 2019, the Company formally regained operatorship of the project from Acacia and shortly after recommenced active exploration. This was the first active exploration work to be undertaken on the project in approximately 1½ years and consisted of approximately 7,800m air-core drilling and focussed on oxide targets in the south of the project. The drilling extended the strike length of the drill-defined mineralised system by approximately 20% to over 12km and is expected to add to the oxide and free-milling component of the mineral resource.
- Results from the drilling program included; higher-grade drill intersections of 35m @ 3.29g/t Au (drilled oblique to several sets of mineralisation and ending in mineralisation), 7m @ 5.59g/t Au (ending in mineralisation) and 7m @ 5.06g/t Au were intersected in oxide material at the MC Deposit while other broad intersections including 17m @ 2.16g/t Au, 11m @ 2.89g/t Au, 12m @ 2.11g/t Au and 11m @ 2.27g/t Au were returned from drilling at the MM Deposit.
- The Company continued to review Acacia's historical work on the project focussing on oxide and free-milling exploration targets in the main mineralised corridor and in certain regional areas.

Outlook

The Company's exploration activities will be directed towards increasing the oxide and transitional components of the mineral resource base to support project development.

Sarama intends to start framing up potential project development options and to undertake a resource development program aimed at firming up and increasing the oxide and free milling component of the mineral resource to further enhance potential project development options. Field activities will nominally include AC and RC drilling, metallurgical testwork and project dimensioning work and it is anticipated these work programs and activities will be completed prior to commencing formal study work.

ThreeBee Project

Property Information

The ThreeBee Project comprises four exploration properties (Djarkadougou, Botoro, Bamako and Bouni) covering an area of 660 km² and lies immediately north and east of the South Houndé Project.

The project hosts the Bondi Deposit that lies fully within the Djarkadougou Property, which is located immediately adjacent to and within trucking distance to Sarama's South Houndé Project. The deposit has a historical estimate of mineral resources³ of 282,000oz Au (measured and indicated) and 150,000 oz Au (inferred).

By virtue of the high-grade and free milling nature of the Bondi Deposit, the project has potential to provide valuable feed in a regional development scenario centred on the South Houndé Project.

Regional exploration by the Company has identified a number of early-stage targets which have the potential to make meaningful additions to the historical mineral resource base of the project. The most advanced of these target areas is the Zanawa Prospect, located approximately 4km north-east of the Bondi Deposit, which has returned 22m @ 3.85g/t Au from 5m in DJR0029, 29m @ 1.44g/t Au from 1m and 10m @ 1.24g/t Au from 67m in DJR0030 and 5m @ 4.54g/t Au from 15m in DJA0141 in recent drilling by the Company.

Activities Completed in Q3 2019

- No field work was conducted during the quarter with desk top reviews being the primary focus.
- The Company continued to monitor the progress for the renewal and re-issue of the exploration permit for the Djarkadougou Property, and continued its dialogue with senior members of the government to expedite this process.

Outlook

The Company will continue to monitor and provide supporting documentation for the re-issue of the exploration permit for the Djarkadougou Property and is taking all appropriate steps to expedite this process. The Company continues to engage and have dialogue with relevant government authorities and decision makers however timeframes for the re-issue of the permit is indeterminant.

The Company will continue to conduct desktop work to support its two-pronged strategy of systematic regional exploration for discovery of new mineralisation and secondly, validation of the large amount of historical data concentrated in the Bondi Deposit area with a view to generating new and extensional targets.

On the Djarkadougou Property, further field work, including drilling, is anticipated once the Exploration Permit has been re-issued.

Pending further field work and desktop assessment, further drilling is anticipated on the Botoro and Bamako Properties to follow-up the areas of significance identified in the Q2 2018 drill program.

Koumandara Project

Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 600 km² in the Banfora Belt and lies 80km west of the South Houndé Project. Historical work conducted by the Company has resulted in the identification of significant zones of gold-in-soil anomalism and encouraging scout drilling results which are aligned with regional structural features, illustrating the region's prospectivity.

Activities Completed in Q3 2019

- The Company continued to compile historical exploration data for the constituent properties to facilitate a holistic exploration assessment of the project. This work included soil geochemistry and surface prospecting and auger, AC and RC drilling.
- In September, the Company established two field camps on the project to support future exploration activities.
- A small regional AC scout drilling program consisting of 4,600m AC drilling was completed on several targets across the project. Several holes intersected high-grade mineralisation at end-of hole and will be followed up as a priority in future exploration programs.
- Further surface prospecting and soil geochemistry programs were conducted by Sarama, complementing previous work by the Company and historical operators. The work continued to support the interpretation of a wide trend of anomalous gold values (+20ppb Au) extending over a strike length of approximately 45km. The anomalism is spatially associated with an interpreted structurally deformed mafic-sediment contact zone within a broader sedimentary unit. At higher gold-in-soil thresholds (+50 ppb Au), three anomalous trends are present, extending in a north-easterly direction and are interpreted to be co-incident with local and regional structural and lithological features. Clusters of +300ppb Au samples, extending 1 to 3km, are also present and form prospect areas which will be prioritised in further exploration work.

Outlook

The Company anticipates it will continue to develop more high-quality drill targets on the Koumandara Project following further surface prospecting, soil geochemistry surveys and remote image interpretation.

Karankasso Project

Property Information

The Karankasso Project ("**Karankasso**") is located approximately 400 kilometres southwest of Ouagadougou, in Burkina Faso. The project can be accessed by a paved highway with both rail and grid power coming within approximately 65 kilometres.

In September 2014 the Company completed joint venture ("**JV**") negotiations and executed a binding agreement with Savary Gold Corp. ("**Savary**") which resulted in the unified ownership of Sarama's Sérakoro 1 Property and several of Savary's contiguous exploration properties in the southern Houndé Belt. The resultant Karankasso JV was initially 65% owned by Savary and 35% owned by Sarama with Savary the operator as long as it controls a majority interest in the joint venture project.

On October 8, 2015, Savary declared a maiden inferred mineral resource estimate² of 9.1Mt @ 2.28g/t Au for 671,000 oz of contained gold.

On April 30, 2019, Semafo announced it had completed the acquisition of Savary, Sarama's joint venture partner in the Karankasso Project.

As at September 30, 2019, the Company held a 21.26% interest in the Karankasso JV and Semafo continues to be the operator.

Exploration activities after the release of the mineral resource estimate have been focussed on extending mineralised lodes as well as generating new exploration targets within the project area. This has involved additional drilling, soil geochemistry and geophysical surveys. Sarama considers the property to have potential to add satellite feed to a regional development scenario.

Activities Completed in Q3 2019

- Commencement of the Phase 2 RC drill program at the Karankasso Project.
- 62 RC holes were drilled for a total of 7,387 metres and 8,171 samples were prepared for analysis.
- Significant intersections include: 6m @ 1.11g/t Au, 4m @ 0.95g/t Au, 3m @ 0.57g/t Au, 1m @ 1.35g/t Au and 1.20g/t Au.
- The exploration camp at Bio was enlarged and security installations were upgraded.

- Normal course annual reports were written for submittal to the government and a synthesis report for Serakoro 1 was undertaken for the purpose of application for an exceptional extension.
- Metallurgical testwork continued in selected areas of the project's mineral resource as a follow-up from previous work.

Outlook

Q4 2019 will see the continuation of data compilation and data integration with Semafo's regional dataset. The focus for the project is anticipated to be on targets with the potential to add to the mineral resource base.

Following a security event on November 6, 2019, near Semafo's Boungou mine approximately 600km east northeast of Sarama's southern Hounde Belt interests, Semafo suspended exploration activities including at the Karankasso Project. Semafo has not indicated when it will recommence exploration activities and has advised that it will update the Company as plans evolve.

Sarama's ongoing investment in the project will be reviewed on a periodic basis and be subject to exploration and technical results.

Mali

On April 23, 2018, the Company announced that it had entered into a binding agreement for the sale of its non-core Kandiole Sud Exploration Property, West Mali to Oklo Resources Limited ("**Oklo**") for consideration comprising cash and shares in Oklo for a total value of A\$1M, to be paid in three tranches. The Company announced the satisfaction of all conditions precedent in relation to the agreement and has transferred all interests in the Kandiole Sud Exploration Property to Oklo.

A third and final payment tranche is payable by Oklo conditional upon Oklo, or its nominee, being registered by the Government of Mali as the 100% owner of the Kandiole Sud Exploration Permit.

In October 2019, the Company received the third and final payment tranche from Oklo, consisting of A\$300,000 in Oklo shares (calculated using a fixed Oklo share price of A\$0.379/share). This completes the transaction with Oklo and the Company has no further direct interest in the Kandiole Sud Exploration Property.

SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following information has been extracted from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the quarters ended September 30.

Please refer to Results of Operations for analysis of Operations for the three months ended 30 September 2019 compared to the three months ended 30 September 2018.

	2019 Q3 \$	2018 Q3 \$	2017 Q3 \$
Interest income - quarter	1,390	36	311
Net profit/(loss) - quarter	86,140	(915,709)	(499,420)
Net profit/(loss) per share for the quarter - basic and diluted (cents)	0.0	(0.5)	(0.4)
Total assets	5,092,869	3,469,858	3,462,425
Total liabilities	1,619,433	398,527	958,881

RESULTS OF OPERATIONS

Quarters ended September 30, 2019 and 2018

	Q3 2019 \$	Q3 2018 \$	Variance \$
Income			
Interest income	1,390	36	1,354
Fair value gain on warrants carried at fair value through profit or loss	-	63,159	(63,159)
	1,390	63,195	(61,805)
Expenses			
Accounting and audit	4,689	-	(4,689)
Business development	-	55,308	55,308
Directors fees	13,658	13,505	(153)
Insurance	2,554	1,257	(1,297)
Marketing and investor relations	14,307	5,224	(9,083)
Office and general	32,155	38,939	6,784
Professional fees	22,165	25,801	3,636
Salaries	158,546	169,495	10,949
Travel	22,958	20,870	(2,088)
Foreign exchange (gain)/loss	79,443	(24,286)	(103,729)
Total general and administration	350,475	306,113	(44,362)
Exploration expenditure as incurred	505,316	454,024	(51,292)
Termination agreement - Barrick	(1,000,000)	-	1,000,000
Depreciation	510	348	(162)
Stock-based compensation	58,949	183,978	125,029
Fair value loss on financial assets carried at fair value through profit or loss	-	34,441	34,441
Net profit/(loss)	86,140	(915,709)	1,001,849

The Company reported a profit of \$86,140 (\$0.0003 per share) for the quarter ended September 30, 2019, compared to a loss of \$915,709 (\$0.005 per share) for the quarter ended September 30, 2018 (positive variance \$1,001,849).

A credit of \$1.0m was recognised in the current quarter resulting from renegotiated commercial terms in relation to the termination of the earn-in agreement with Acacia, now Barrick. The trailing reimbursement payable to Barrick was originally recorded as \$2.0m in Q2 2019. Exploration expenditure increased this quarter by \$51k compared to Q3 2018 due to the drilling programs conducted at South Hounde and Koumandara projects (refer analysis of exploration and evaluation expenditure on page 3). Fair value loss/gain on warrants was nil in the current quarter compared to gain of \$63,159 in the September 2018 quarter (negative variance \$63k) due to there being no remaining warrants outstanding subject to revaluation. Business Development expenditure for September 2019 quarter was nil compared to \$55k in September 2018 (positive variance \$55k) due to a year to date transfer from professional fees in the prior year for Legal costs relating to the acquisition of Dabokuy property (within the Koumandara Project) and divestment of Kandiole Sud property. Foreign exchange losses of \$79k were incurred this quarter predominantly due to revaluation of increased funds held in Canadian dollars from the capital raise in Q2 2019 when compared to Q3 2018 (negative variance \$104k). Stock based compensation was lower this quarter compared to September 2018 quarter (positive variance: \$125k) due to lesser number of options granted this year. There was a fair value loss on financial assets of \$34k in Q2 2018 in relation to shares acquired from the disposal of the Kandiole Sud Property to Oklo. These were sold in Q2 2019.

Nine Month Period ended September 30, 2019 and 2018

	YTD 2019 \$	YTD 2018 \$	Variance \$
Income			
Interest income	2,790	376	2,414
Other income	5,128	524,880	(519,752)
Fair value gain on warrants carried at fair value through profit or loss	-	143,121	(143,121)
	7,918	668,377	(660,459)
Expenses			
Accounting and audit	14,733	21,288	6,555
Business development	5,359	71,565	66,206
Directors fees	42,378	41,279	(1,099)
Insurance	20,177	16,152	(4,025)
Marketing and investor relations	41,599	25,232	(16,367)
Office and general	105,461	126,233	20,772
Professional fees	55,815	63,174	7,359
Salaries	500,963	520,861	19,898
Travel	43,818	50,487	6,669
Stock-based compensation	117,897	378,778	260,881
Foreign exchange (gain)/loss	59,030	(1,345)	(60,375)
Total general and administration	1,007,230	1,313,704	306,474
Exploration expenditure as incurred	1,579,616	1,506,676	(72,940)
Termination agreement - Barrick	1,000,000	-	(1,000,000)
Depreciation	1,547	2,050	503
Fair value loss on financial assets carried at fair value through profit or loss	-	116,630	116,630
Loss on sale of financial assets	-	136	136
Net loss	3,580,475	2,270,819	(1,309,656)

The Company reported a loss of \$3,580,475 (\$0.016 per share) for the nine month period ended September 30, 2019, compared to a loss of \$2,270,819 (\$0.013 per share) in the nine month period ended September 30, 2018 (negative variance \$1.3 million).

A trailing reimbursement of \$1.0 million payable to Barrick for the termination of the earn-in agreement relating to the South Houndé project has been recognised this year (negative variance (\$1.0 million). Exploration expenditure was greater in the current nine month period compared to the nine month period to September 2018 (negative variance \$72k) due to drilling programs conducted at South Hounde and Koumandara projects. Fair value loss/gain on warrants was nil in the current nine month period compared to gain of \$143k in the nine month period to September 2018 (negative variance \$143k) due to there being no remaining warrants outstanding subject to revaluation. Other income was \$5k in the current nine month period compared to \$525k in the nine month period to September 2018 (negative variance \$520k) which represented the receipt of the Tranche 1 and Tranche 2 consideration from Oklo in 2018 from the sale of the Company's non-core Kandiole Sud Exploration Property, West Mali. The shares in Oklo were revalued at market value as at September 30, 2018 resulting in a fair value loss on financial assets of \$116k recorded in the nine month period to September 2018 (positive variance 116k). The shares were all sold during the nine month period to September 2019 for a net gain on sale of \$5k.

General and administration costs were lower by \$306k for the period ended September 30, 2019 compared with the corresponding period in 2018. Notable positive variances include Stock based compensation being lower when compared to the period ended September 30, 2018 (positive variance: \$260k) due to a lesser number of options granted this year at a lower fair market value. Other positive variances include Business development (positive variance \$66k) due to a transfer from professional fees in the prior year for legal costs relating to the acquisition of Dabokuy and divestment of Kandiole Sud properties. The strengthening of the US dollar have resulted in a variance in foreign exchange losses of \$60k this year when compared to the same period ended September 30, 2018.

SUMMARISED UNAUDITED QUARTERLY RESULTS

Summarised unaudited quarterly results for the past eight quarters are:

Quarter ended	Interest income (\$)	Net profit/(loss) for the period (\$)	Basic earnings/(loss) per share (cents)	Diluted earnings/(loss) per share (cents)
September 30, 2019	1,390	86,140	0.0	0.0
June 30, 2019	929	(3,059,765)	(1.3)	(1.3)
March 31, 2019	471	(606,852)	(0.3)	(0.3)
December 31, 2018	350	(629,845)	(0.3)	(0.3)
September 30, 2018	36	(915,709)	(0.5)	(0.5)
June 30, 2018	105	(555,116)	(0.3)	(0.3)
March 31, 2018	235	(799,994)	(0.6)	(0.6)
December 31, 2017	9	(532,352)	(0.4)	(0.4)

The primary driver for the variance in net profit and loss across multiple quarterly periods is due to the expensing of exploration expenditure programs and the revaluation of warrants carried at fair value through profit or loss.

Other components within the net profit/loss are general and administrative costs of running the Perth office, foreign exchange gains and losses, stock-based compensation costs and depreciation.

LIQUIDITY AND CAPITAL RESOURCES

At this point in time, the Company does not generate cash from mining operations. In order to fund its exploration and administrative activities, the Company is dependent upon raising capital through the issue of shares and warrants. The Company continues to believe such financing will be available, as and when required and on acceptable terms but there is no guarantee that is the case.

As at September 30, 2019 the Company had working capital surplus of \$2,732,372 (December 31, 2018: \$464,404 surplus). Working capital is defined as current assets less current liabilities.

COMMON SHARE DATA (as at November 28, 2019)

Common shares outstanding	250,659,987
Options issued to directors, executive officers, and a consultant	17,020,000
Warrants issued to shareholders and agents	8,500,000
Common shares outstanding assuming exercise of all options and warrants	<u>276,179,987</u>

RISK AND UNCERTAINTIES

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

1. exploration and development risk;
2. market factors and volatility of commodity prices;
3. negative operating cash flow and the need for additional financing;
4. limited operating history;
5. global economic conditions;
6. price volatility in publicly traded securities;
7. title and property risks;
8. dependence on key management and qualified personnel;
9. risks associated with operations in Africa;
10. risks associated with maintaining a skilled workforce;
11. risks relating to government regulations;
12. environmental laws, regulations and risks;
13. uncertainty of acquiring necessary permits and compliance with terms;
14. infrastructure risks;
15. uninsurable risks;
16. enforcement of legal rights;
17. risks relating to the presence of artisanal miners;
18. fluctuations in foreign exchange rates;
19. competition;
20. acquisition risks;
21. conflicts of interest;
22. dilution;
23. dividends;
24. PFIC classification;
25. Renewal and reissue of exploration permits
26. pandemic risks;
27. geopolitical and security risks

For a detailed explanation of each of these risks number 1 to 24, please refer to page 9 of the Company's Annual Information Form dated September 1, 2016. The Company's Annual Information Form is published at www.sedar.com.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended September 30, 2019, and up to the date of this report, the Company had no off-balance sheet transactions.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of September 30, 2019. The Company's significant accounting policies are described in note 2 of the Company's consolidated financial statements for the years ended December 31, 2018 and 2017, and note 2 of the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2019 and 2018.

CHANGES IN ACCOUNTING STANDARDS

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the three months ended September 30, 2019 and 2018, are consistent with those applied and disclosed in the Company's annual consolidated financial statements, except for the following:

Leases

On January 1, 2019, the Company adopted IFRS 16 - Leases ("IFRS 16") which superseded IAS 17 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to the finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The Company adopted IFRS 16 effective January 1, 2019, which did not have a material impact on the Company's interim financial statements. There are no pronouncements issued by the IASB that are mandatorily applicable to the Company.

ADDITIONAL INFORMATION

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

Footnotes

1. *South Houndé Project - 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). This mineral resource contains an oxide and transition component of 16.0Mt @ 1.2g/t Au for 611koz Au (reported at a cut-off grade of 0.3g/t Au for oxide and 0.8g/t Au for transition material). 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 and prepared by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama. The technical report is available under Sarama's profile on SEDAR at www.sedar.com.*
2. *Karankasso Project - 9.2Mt @ 2.3g/t Au (at a 0.5g/t Au cut-off). The effective date ("Effective Date") of the most recent Karankasso Project JV mineral resource estimate that is supported by a technical report is October 7, 2015. For further information regarding that 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 and prepared 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 and Sarama. The technical report is available under Savary's profile on SEDAR at www.sedar.com. Sarama has not independently verified Savary's mineral resource estimate and takes no responsibility for its accuracy. Savary is the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate. Additional technical work has been undertaken on the Karankasso Project since the Effective Date, including but not limited to, metallurgical testwork, exploration drilling and mineral resource estimation, but Sarama is not in a position to quantify the impact of this additional work on the mineral resource estimate referred to above.*
3. *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.*
 - i. *The historical estimate of the Bondi Deposit reflects a mineral resource estimate compiled by Orezone Gold Corporation ("Orezone") which has an effective date of February 20, 2009. The historical estimate is contained in a technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated date of February 20, 2009 and prepared by Yves Buro (the "Bondi Technical Report"). Yves Buro is an employee of Met-Chem Canada Inc and is considered to be independent of Orezone and Sarama. The technical report is available under Orezone's profile on SEDAR at www.sedar.com.*
 - ii. *Sarama believes that the historical estimate is relevant to investors' understanding of the property, as it reflects the most recent technical work undertaken in respect of the Bondi Deposit.*
 - iii. *The historical estimate was informed by 886 drillholes, assayed for gold by cyanidation methods, were used to interpret mineralised envelopes and geological zones over the area of the historical estimate. Gold grade interpolation was undertaken using ID² methodology based on input parameters derived from geostatistical and geological analyses assessments. Field measurements and geological logging of drillholes were used to determine weathering boundaries and bulk densities for modelled blocks.*
 - iv. *The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
 - v. *No more recent estimates of the mineral resource or other data are available.*
 - vi. *Sarama is currently undertaking the necessary verification work in the field and on the desktop that may support the future reclassification of the historical estimate to a mineral resource.*
 - vii. *A qualified person engaged by Sarama has not undertaken sufficient work to verify the historical estimate as a current mineral resource and Sarama is therefore not treating the historical estimate as a current mineral resource.*
4. *Upon satisfaction of certain conditions precedent and completion of the Termination Agreement.*

Qualified Persons' Statement

Scientific or technical information in this disclosure that relates to the Company's exploration activities in Burkina Faso is based on information compiled or 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 disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the preparation of the South Houndé Project's mineral resource estimate 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 disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure, in respect of the Bondi 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 disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the quotation of the Karankasso Project's mineral resource estimate is based on information compiled by Paul Schmiede. Paul Schmiede is an employee of Sarama Resources Ltd and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Paul Schmiede 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. Paul Schmiede consents to the inclusion in this disclosure of the information, in the form and context in which it appears. Paul Schmiede and Sarama have not independently verified Savary's mineral resource estimate and take no responsibility for its accuracy.