Sarama Resources Ltd.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended September 30, 2021 (Unaudited)

(Expressed in United States Dollars)

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

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed interim consolidated financial statements and all other financial information included in this report are the responsibility of management. The condensed interim 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 condensed interim 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 condensed interim consolidated financial statements.

Management recognizes 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.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instruments 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(signed) "Andrew Dinning"	(signed) "Lui Evangelista"
Director, President and CEO	CFO
November 26, 2021	November 26, 2021

Consolidated Statement of Financial Position (Unaudited)

Expressed in United States Dollars

	Note	As at September 30, 2021 $	As at December 31, 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1,616,889	1,619,613
Security deposits		25,242	26,982
Other receivables		69,678	59,709
Prepayments		161,905	221,805
Total current assets		1,873,714	1,928,109
Non-current assets			
Plant and equipment	4	19,198	32,671
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		1,878,500	1,891,973
Total assets		3,752,214	3,820,082
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		161,054	249,638
Financial Liabilities	6(d)	331,307	-
Termination Agreement - Barrick	11	1,090,607	-
Total current liabilities		1,582,968	249,638
Non-current liabilities			
Provision for employee entitlements		328,507	320,855
Termination Agreement - Barrick	11	-	1,012,399
Total non-current liabilities		328,507	1,333,254
Total liabilities		1,911,475	1,582,892
EQUITY			
Share capital	6(b)	52,817,012	51,715,494
Share based payments reserve		4,532,735	4,019,623
Deficit		(55,509,008)	(53,497,927)
Total equity		1,840,739	2,237,190
Total liabilities and equity		3,752,214	3,820,082

These financial statements are authorised for issue by the Board of Directors on November 26, 2021.

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 Loss and Other Comprehensive Loss (Unaudited)
Expressed in United States Dollars

		Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Income					
Interest income		401	518	806	4,651
Foreign exchange gain		-	17,812	-	-
Fair value gain on warrants carried at fair value through profit or loss		115,791	-	115,791	-
Fair value gain on financial assets carried at fair value through profit or loss		-	9,434	-	81,955
Other income		-	27,294	-	60,025
Total income		116,192	55,058	116,597	146,631
Expenses					
Accounting and audit		5,032	4,977	16,173	13,322
Depreciation		584	585	1,753	1,696
Directors' fees		25,931	26,656	80,396	47,833
Exploration expenditure as incurred	2(d)	229,106	276,034	673,214	905,068
Finance charges		26,828	-	78,208	-
Foreign exchange loss		26,930	-	14,427	48,297
Insurance		16,890	-	54,318	7,674
Marketing and investor relations		19,739	6,253	65,239	19,725
Office and general		38,224	33,327	111,935	91,339
Professional fees		8,841	17,153	20,473	35,194
Salaries		156,443	159,541	498,430	448,809
Stock–based compensation	6(d)	-	-	513,112	360,212
Travel		-	1,169	-	18,993
Total expenses		554,548	525,695	2,127,678	1,998,162
Loss before income tax		438,356	470,637	2,011,081	1,851,531
Income tax benefit		-	-	-	-
Loss for the period from continuing operations		**(438,356)**	**(470,637)**	**(2,011,081)**	**(1,851,531)**
Exchange differences on translation of foreign operations		-	-	-	3,375
Total comprehensive loss for the period		**(438,356)**	**(470,637)**	**(2,011,081)**	**(1,848,156)**

	Cents	Cents	cents	cents
Basic and diluted loss per share	Cents	Cents	cents	cents
- Continuing operations	(0.5)	(0.5)	(2.2)	(2.2)
Weighted average number of shares Basic and diluted	96,972,257	88,441,206	92,415,855	85,496,617

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

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

	Note	Three months ended September 30, 2021 $	Three months ended September 30, 2020 $	Nine months ended September 30 2021 $	Nine months ended September 30, 2020 $
Cash flows used in operating activities					
Payments to suppliers and employees		(293,274)	(218,573)	(844,648)	(630,585)
Payments for exploration & evaluation expenditure		(211,323)	(273,028)	(671,460)	(1,040,354)
Interest received		401	518	806	4,651
Other income		-	27,294	-	59,051
Net cash used in operating activities	10	**(504,196)**	**(463,789)**	**(1,515,302)**	**(1,607,237)**
Cash flows used in investing activities					
Purchase of plant and equipment	4	-	-	-	(2,592)
Proceeds on sale of plant and equipment	4	-	-	-	1,604
Proceeds on sale of financial assets		-	97,748	-	159,473
Net cash generated in investing activities		**-**	**97,748**	**-**	**158,485**
Cash flows from financing activities					
Common shares and warrants issued for cash		1,625,563	1,547,800	1,625,563	1,547,800
Payment of share issue costs		(76,947)	(46,473)	(76,946)	(46,473)
Net cash generated by financing activities		**1,548,616**	**1,501,327**	**1,548,617**	**1,501,327**
Net increase in cash and cash equivalents		1,044,421	1,135,286	33,315	52,575
Net foreign exchange differences		(42,091)	28,054	(36,039)	(45,504)
Cash and cash equivalents at beginning of the period		614,560	1,071,335	1,619,613	2,227,604
Cash and cash equivalents at end of the period		**1,616,889**	**2,234,675**	**1,616,889**	**2,234,675**

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

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

	Number of common shares	Share capital (note 6)	Share based payments reserve	Foreign currency translation reserve	Deficit	Total
		$	$	$	$	$
Balance at January 1, 2020	**250,659,987**	**50,162,722**	**3,659,411**	**(93,399)**	**(50,920,724)**	**2,808,010**
Loss attributed to shareholders of the Company	-	-	-	-	(1,380,894)	(1,380,894)
Exchange differences on translation of foreign operations	-	-	-	3,375	-	3,375
Total comprehensive loss for the year	**-**	**-**	**-**	**3,375**	**(1,380,894)**	**(1,377,519)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue (6(b))	18,852,936	1,547,800	-	-	-	1,547,800
Share issuance costs		(46,473)				(46,473)
Shares issued in lieu of salary	353,967	16,944	-	-	-	16,944
Stock-based compensation - options	-	-	360,213	-	-	360,213
Balance at September 30, 2020	**270,299,769**	**51,716,634**	**4,019,624**	**(90,024)**	**(52,772,255)**	**2,873,979**
Balance at January 1, 2021	**90,099,894**	**51,715,494**	**4,019,623**	**-**	**(53,497,927)**	**2,237,190**
Loss attributed to shareholders of the Company	-	-	-	-	(2,011,081)	(2,011,081)
Total comprehensive loss for the period	-	-	-	-	(2,011,081)	(2,011,081)
Proceeds from share issue (6(b))	**9,727,037**	1,625,563	-	-	-	1,625,563
Share issuance costs	-	(76,947)	-	-	-	(76,947)
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(447,098)	-	-	-	(447,098)
Stock-based compensation - options (6(d)(i))	-	-	513,112	-	-	513,112
Balance at September 30, 2021	**99,826,931**	**52,817,012**	**4,532,735**	**-**	**(55,509,008)**	**1,840,739**

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 condensed interim consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these condensed interim consolidated financial statements on November 26, 2021.

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 September 30, 2021, 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 unaudited condensed interim consolidated financial statements for the period ended June 30, 2021, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company's interest in equity accounted investments.

Basis of Presentation

These condensed interim 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**").
These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim consolidated financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*", and have been prepared following the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2020 except as described in Note 2.

The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

Going Concern

For the period ended September 30, 2021, the consolidated entity recorded a net loss of $2,011,081 and had a net cash outflow from operating and investing activities of $1,515,302. As at September 30, 2021, the consolidated entity had available cash of $1,616,889 and surplus of current assets over current liabilities of $290,746.

The Directors have assessed the need to acquire additional funding to continue to operate as a going concern for the foreseeable future. The Directors believe such funding will be obtained and therefore consider it appropriate to prepare the financial report on a going concern basis, which assumes the realisation of the consolidated entity's assets and the discharge of its liabilities in the normal course of business and at the amounts stated in the condensed interim consolidated financial statements.

The occurrence of the Coronavirus (COVID-19) pandemic has created significant uncertainty for all business sectors including the Company and in particular the short-term effects and actions that may need to be implemented either by the Company or that may be imposed on the Company by new regulations or measures taken by government. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will continue to adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

Should additional funding be unable to be obtained, the Directors believe that the Company can remain a going concern by the further reduction of various operating expenditure. However, these circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to September 30, 2021

In the period ended September 30, 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company 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 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 period ended 30 September 2021. 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 condensed interim consolidated financial statements incorporate the assets and liabilities of the Company as at September 30, 2021 and the results of all subsidiaries for the period 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 de-consolidated 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) 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.

Expressed in United States Dollars unless otherwise stated

3. CASH AND CASH EQUIVALENTS

	September 30, 2021 $	December 31, 2020 $
Cash at bank and in hand	1,044,456	822,870
Deposits at Call	572,433	796,743
	1,616,889	**1,619,613**

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.

4. PLANT AND EQUIPMENT

September 30, 2021

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	18,206	-	14,465	32,671
Additions	-	-	-	-
Depreciation	(4,797)	-	(8,676)	(13,473)
Closing net book value	**13,409**	-	**5,789**	**19,198**
Cost	241,783	158,306	284,334	684,423
Accumulated Depreciation	(228,374)	(158,306)	(278,545)	(665,225)
Closing net book value	**13,409**	-	**5,789**	**19,198**

December 31, 2020

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	24,933	-	26,635	51,568
Additions	-	-	2,874	2,874
Disposals - Cost	-	-	(1,673)	(1,673)
Disposals - Accum Depn	-	-	1,043	1,043
Depreciation	(6,727)	-	(14,414)	(21,141)
Closing net book value	**18,206**	-	**14,465**	**32,671**
Cost	241,783	158,306	284,334	684,423
Accumulated Depreciation	(223,577)	(158,306)	(269,869)	(651,752)
Closing net book value	**18,206**	-	**14,465**	**32,671**

Expressed in United States Dollars unless otherwise stated

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 17.75% as at September 30, 2021 (December 31, 2020: 18.55%) 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 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 nine month period ended September 30, 2021.

Summarised statement of financial position of Joint Venture BF1 Inc.:

	September 30, 2021 $	December 31, 2020 $
Current assets	425,015	326,271
Non-current assets	17,213,271	16,494,342
Current liabilities	(32,761)	-
Non-current liabilities	(5,325,547)	(4,572,978)
Equity	**12,279,978**	**12,247,635**
Reconciliation to carrying amount of investment		
Company's share of equity	2,179,696	2,271,936
Plus additional contributions	1,365,851	1,365,851
	3,545,547	3,637,787
Notional premium on acquisition by JV	(1,709,376)	(1,801,616)
Karankasso Project Joint Venture– at cost	**1,836,171**	**1,836,171**

6. SHARE CAPITAL

(a) Authorised Share Capital

At September 30, 2021, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

Details	**2021 Number of shares**	**2021 $**	**2020 Number of shares**	**2020 $**
Balance at January 1	90,099,894	51,715,494	250,659,987	50,162,722
Issue of shares in lieu of salary	-	-	786,846	52,585
Issue of shares under private placement (i)	9,727,037	1,625,563	18,852,936	1,547,800
Share issuance costs		(76,947)	-	(46,473)
Fair value warrants issued		(447,098)	-	-
Balance September 30 (net of cost)	**99,826,931**	**52,817,012**	**251,446,833**	**51,716,634**
Share issuance costs			-	(1,140)
Share consolidation (3 old for 1 new share) (ii)			(180,199,875)	-
Balance December 31(net of cost)			**90,099,894**	**51,715,494**

Expressed in United States Dollars unless otherwise stated

(i) *Private Placement*

On July 29, 2021 the Company announced that it had raised C$2,042,678 and issued 9,727,037 units (the "Units") at a price of C$0.21 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each full warrant, a "Warrant"), with each Warrant being exercisable to purchase one common share of the Company at an exercise price of C$0.28 until July 28, 2024. The Company issued an aggregate of 9,727,037 common shares and 4,863,517 Warrants.

(ii) *Share Consolidation:*

On October 7, 2020, Sarama implemented a consolidation of its issued and outstanding Shares on a 3 old for 1 new share basis (the "Share Consolidation"). No fractional shares were issued as a result of the Share Consolidation. The Consolidation was approved by the Board pursuant to the new Articles of the Company approved by shareholders at the Company's annual and special general meeting held on September 17, 2020.

(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:

	Pre Share Consolidation		**Post Share Consolidation**		
Grant Date	**No.**	**Exercise Price**	**No.**	**Exercise Price**	**Expiry Date**
January 18, 2019 (fully vested)	4,325,000	C$0.06	1,441,665	C$0.18	January 18, 2022
January 16, 2020 (fully vested)	10,800,000	C$0.07	3,599,999	C$0.21	January 16, 2023
June 24, 2020 (fully vested)	1,500,000	C$0.08	500,000	C$0.24	June 23, 2023
January 15, 2021 (fully vested)			3,158,336	C$0.35	January 15, 2024
			8,700,000		

On January 14, 2021, the Company issued 3,158,336 options to directors, officers and employees of the company, exercisable at C$0.35 and expire 3 years after issue.

No options were exercised in the period ended September 30, 2021 (period ended September 30, 2020: Nil).

2,746,666 options expired in the nine month period ended September 30, 2021 at a weighted average exercise price and life of C$0.32 and 2.9 years respectively (nine month period ended September 30, 2020: 1,665,000 options expired at a weighted average exercise price and life of C$0.60 and 3 years respectively).

Expressed in United States Dollars unless otherwise stated

(d) Stock-Based Compensation

(i) Options

For the nine month period ended September 30, 2021, the expense incurred relating to stock-based compensation on the grant of options was $513,112 (September 30, 2020: $360,213).
For the nine month period ended September 30, 2021, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

	January 14, 2021
Total options granted	3,158,336
Exercise price	C$0.35
Estimated fair value of compensation recognised	$513,112
Balance to be recognised over remaining vesting period	$nil
Estimated fair value per option	$0.21

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

	January 14, 2021
Share price of underlying security on date of grant	C$0.31
Risk-free interest rate	0.21%
Expected dividend yield	0%
Expected stock price volatility	113.5%
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 yet to expire are detailed below.

Pre Share Consolidation

Warrant issue	**Total Warrants Issued**	**Exercise Price (C$)**	**Estimated fair value of warrants (C$)**	**Estimated fair value per warrant (C$)**	**Expiry Date**
Broker Warrants issued March 16, 2018	1,500,000	$0.14	91,669	$0.061	December 31, 2021
Acquisition Warrants issued May 23, 2019	2,500,000	$0.10	183,192	$0.074	May 23, 2024
Acquisition Warrants issued May 23, 2019	2,500,000	$0.20	162,184	$0.065	May 23, 2024
Total	**6,500,000**		**437,765**	**$0.067**	

Expressed in United States Dollars unless otherwise stated

Post Share Consolidation

Warrant issue	Total Warrants Issued	Exercise Price (C$)	Estimated fair value of warrants (C$)	Estimated fair value per warrant (C$)	Expiry Date
Broker Warrants issued March 16, 2018	500,000	$0.42	91,669	$0.183	December 31, 2021
Acquisition Warrants issued May 23, 2019	833,333	$0.30	183,912	$0.221	May 23, 2024
Acquisition Warrants issued May 23, 2019	833,333	$0.60	162,184	$0.195	May 23, 2024
Sub Total	**2,166,666**		**437,765**	**$0.202**	
Shareholder Warrants issued July 28, 2021	4,863,517	$0.28	561,822	$0.115	July 28, 2024
Total	**7,030,183**		**999,587**	**$0.142**	

5,000,000 warrants were issued (pre share consolidation) 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.

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.

The fair value of broker and acquisition warrants are recognised within 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:

Warrant issue	Price of Security on issue date	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Broker Warrants issued March 16, 2018	C$0.10	0.73%	0%	105%	3 months
Acquisition Warrants issued May 23, 2019	C$0.10	1.55%	0%	105%	32 months
Shareholder Warrants issued July 28, 2021	C$0.28	0.55%	0%	105%	34 months

No warrants expired in the period ended September 30, 2021 (period ended September 30, 2020: Nil)

Changes in the fair value of the Shareholder Warrants recognised as financial liability are as follows:

	$
Fair value ascribed to warrants issued on July 28, 2021 (refer 6(b))	447.098
Fair value (gain) on warrants carried at fair value through profit or loss	(115,791)
Fair value at September 30, 2021	**331,307**

7. 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 September 30, 2021 according to the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
(ii) 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
(iii) 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 Financiére 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.

Expressed in United States Dollars unless otherwise stated

8. SEGMENT REPORTING

The Company consider the Board of Directors to be the chief 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 nine month period ending September 30, 2021

	Burkina Faso $	Other $	Total $
Segment current assets	105,412	1,768,302	1,873,714
Segment non-current assets			
Plant and equipment	17,682	1,516	19,198
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,853,853	24,647	1,878,500
Segment total assets	**1,959,265**	**1,792,949**	**3,752,214**
Segment liabilities	**26,413**	**1,885,062**	**1,911,475**
Segment Loss			
Loss for the period from continuing operations	**673,214**	**1,337,867**	**2,011,081**

As at and for the nine month period ending September 30, 2020

	Burkina Faso $	Other $	Total $
Segment current assets	36,096	2,328,946	2,365,042
Segment non-current assets			
Plant and equipment	33,771	3,854	37,625
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,869,942	26,985	1,896,927
Segment total assets	**1,906,038**	**2,355,931**	**4,261,969**
Segment liabilities	**17,885**	**1,370,105**	**1,387,990**
Segment Loss			
Loss for the period from continuing operations	**905,068**	**946,463**	**1,851,531**

Expressed in United States Dollars unless otherwise stated

9. BASIC AND DILUTED LOSS PER SHARE

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	Cents per share	**Cents per share**	**Cents per share**	**Cents per share**
Basic and diluted loss per share				
- Continuing operations	0.5	0.5	2.2	2.2
	$	$	$	$
Net loss used in calculating basic/diluted loss per share				
- Continuing operations	438,356	470,637	2,011,081	1,848,156
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	96,972,257	88,441,615	92,415,855	85,496,617

Diluted loss per share at September 30, 2021 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

Prior year comparison has been restated due to the Share Consolidation in October 2020 (refer Note 6(b)).

10. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss after tax to net cash flows from operations

	Three months ended September 30, 2021 $	Three months ended September 30, 2020 $	Nine months ended September 30, 2021 $	Nine months ended September 30, 2020 $
Loss for the period	(438,356)	(470,637)	(2,011,081)	(1,851,531)
Depreciation	4,184	5,291	13,474	15,905
Fair value gain on financial assets held for sale	-	(9,434)	-	-
Fair value gain on warrants	(115,791)	-	(115,791)	
Finance charges	26,828	-	78,208	-
Gain on sale of financial assets	-	-	-	(81,955)
Gain on sale of plant and equipment	-	-	-	(974)
Stock–based compensation	-	-	513,112	360,212
Non cash exploration expenditure	-	-	-	3,375
Issue of shares in lieu of salary	-	35,640	-	52,585
Movements in provisions, salary benefits	(7,375)	19,733	7,652	24,671
Net exchange and translation differences – loss/(gain)	29,423	(20,251)	15,265	49,666
Net cash outflows used in operating activities before change in working capital	(501,086)	(439,658)	(1,499,161)	(1,428,046)
Change in working capital	(3,110)	(24,131)	(16,141)	(179,191)
Net cash outflows used in operating activities	(504,196)	(463,789)	(1,515,302)	(1,607,237)

11. CONTINGENT LIABILITY: DEFINITIVE AGREEMENT WITH BARRICK TO REGAIN 100% OWNERSHIP OF SOUTH HOUNDE PROJECT

On May 14, 2019, the Company announced that it had executed a definitive agreement (the "Agreement") with Acacia Mining plc ("Acacia") 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 Agreement provides for Sarama to resume operatorship and regain a 100% interest in the Project.

On November 18, 2019, the Company announced that it had renegotiated certain terms of the Agreement resulting in an immediate return to 100% ownership of the Project and the reduction of the trailing reimbursement payment. The Company agreed to waive certain closing conditions and, in return, Barrick TZ Ltd ("Barrick"), formerly Acacia, agreed to amend and reduce the total trailing reimbursement from $2 million to $1 million, payable 12 months from the date of the amendment.

On September 24, 2020, the Company announced that Barrick agreed to defer the $1 million payable on November 18, 2020 to January 15, 2022 inclusive of interest at an annual rate of 10%. On November 18, 2021 Barrick agreed to further defer the $1 million payable by an additional year to January 15, 2023 ("Maturity date") inclusive of interest at an annual rate of 12.5% effective from November 18, 2021. The Company will be required to repay the liability, inclusive of accrued interest, if it completes any financing with gross proceeds of US$ 3.5 million or greater prior to the maturity date.

Other key commercial terms to this Agreement that are considered a contingent liability are that Sarama will grant Barrick the right to commercial production-based payments consisting of:

- US$1,000,000 on production of 10,000 oz gold;
- US$1,000,000 on production of a further 5,000 oz gold;
- 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;

As the Company cannot be certain whether it will enter into commercial production, the obligation to pay commercial production-based payments to Barrick is not recorded in the financial statements and is presented as a contingent liability.