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# **Sarama Resources Ltd.**

*(An Exploration Stage Company)*

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**As at and for the period ended March 31, 2018**

*(Expressed in United States Dollars)*

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**DIRECTORS**

Andrew Dinning (Chairman and CEO)  
T. Sean Harvey (Non-executive Director)  
Simon Jackson (Non-executive Director)  
David A. Groves (Non-executive Director)

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**WEBSITE**

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

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

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

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

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

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

Management 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 consolidated interim 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”  
Director, President and CEO  
May 31, 2018

(signed) “Lui Evangelista”  
CFO  
May 31, 2018

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

	Note	As at March 31, 2018 \$	As at December 31, 2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,749,488	394,090
Security deposits		26,915	27,325
Other receivables		71,054	46,443
<b>Total current assets</b>		<u>2,847,457</u>	<u>467,858</u>
<b>Non-current assets</b>			
Plant and equipment	3	159,360	160,746
Investment in associate	4	1,836,171	1,836,171
Royalty		23,131	23,131
<b>Total non-current assets</b>		<u>2,018,662</u>	<u>2,020,048</u>
<b>Total assets</b>		<u>4,866,119</u>	<u>2,487,906</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		332,508	283,043
Financial liabilities	5(e)	183,969	155,750
<b>Total current liabilities</b>		<u>516,477</u>	<u>438,793</u>
<b>Total liabilities</b>		<u>516,477</u>	<u>438,793</u>
<b>EQUITY</b>			
Share capital	5(b)	45,614,223	43,011,623
Share based payments reserve		3,313,311	2,812,948
Foreign currency translation reserve		(205,406)	(202,966)
Deficit		(44,372,486)	(43,572,492)
<b>Total equity</b>		<u>4,349,642</u>	<u>2,049,113</u>
<b>Total liabilities and equity</b>		<u>4,866,119</u>	<u>2,487,906</u>

Refer to Note 7 for details of the voluntary change in accounting policy adopted in 2017

These financial statements are authorised for issue by the Board of Directors on May 31, 2018.

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*

**Condensed Consolidated Statement of Loss and Other Comprehensive Loss**  
*Expressed in United States Dollars*

	Note	Period ended March 31, 2018	Period ended March 31, 2017
		\$	\$ (Restated)
<b>Income</b>			
Interest income		235	382
Foreign exchange gain		31,719	31,373
Fair value gain on warrants carried at fair value through profit or loss		-	-
<b>Total income</b>		31,954	31,755
<b>Expenses</b>			
Accounting and audit		21,550	9,916
Corporate development		2,478	6,138
Depreciation		1,382	2,732
Directors fees		14,116	13,388
Exploration expenditure as incurred	2	295,235	242,713
Insurance		13,452	9,350
Marketing and investor relations		18,967	28,331
Office and general		46,415	37,944
Professional fees		11,040	21,396
Salaries		180,711	179,002
Stock-based compensation	5(d)	194,800	122,028
Travel		3,583	22,060
Fair value loss on warrants carried at fair value through profit or loss		28,219	111,871
<b>Total expenses</b>		831,948	806,869
<b>Loss before income tax</b>		799,994	775,114
Income tax benefit		-	-
<b>Loss for the year from continuing operations</b>		<b>799,994</b>	<b>775,114</b>
<i>Items that may be reclassified to the statement of (income)/ loss</i>			
Exchange differences on translation of foreign operations		2,440	170
<b>Total comprehensive loss for the year</b>		<b>802,434</b>	<b>775,284</b>
Basic and diluted loss per share		cents	cents
- Continuing operations		0.6	0.6
Weighted average number of shares			
Basic and diluted		142,633,735	122,330,255

Refer to Note 7 for details of the voluntary change in accounting policy adopted in 2017

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

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

		Period ended March 31, 2018	Period ended March 31, 2017
		\$	\$
	<b>Note</b>		<b>(Restated)</b>
<b>Cash flows used in operating activities</b>			
Payments to suppliers and employees		(234,038)	(696,546)
Payments for exploration and evaluation		(702,671)	(1,046,320)
Fee received for earn in agreement		411,185	803,607
Interest received		235	382
<b>Net cash used in operating activities</b>	13	(525,289)	(938,877)
<b>Cash flows used in investing activities</b>			
Purchase of plant and equipment	3	(3,492)	(9,057)
Payments for investment in associates		-	(237,467)
<b>Net cash used in investing activities</b>		(3,492)	(246,524)
<b>Cash flows from financing activities</b>			
Common shares and warrants issued for cash		3,134,844	1,089,755
Payment of share issue costs		(242,189)	(20,429)
<b>Net cash generated by financing activities</b>		2,892,655	1,069,326
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,363,874	(116,075)
Net foreign exchange differences		(8,476)	14,772
Cash and cash equivalents at beginning of the year		394,090	1,239,353
<b>Cash and cash equivalents at end of the period</b>		<b>2,749,488</b>	<b>1,138,050</b>

Refer to Note 7 for details of the voluntary change in accounting policy adopted in 2017

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

	Number of common shares	Share capital (note 5)	Share based payments reserve	Foreign currency translation reserve	Deficit	Total
(Restated)		\$	\$	\$	\$	\$
<b>Balance at January 1, 2017</b>	<b>121,169,292</b>	<b>40,585,749</b>	<b>2,546,702</b>	<b>(205,789)</b>	<b>(41,786,637)</b>	<b>1,140,025</b>
Loss attributed to shareholders of the Company	-	-	-	-	(1,785,855)	(1,785,855)
Exchange differences on translation of foreign operations	-	-	-	2,823	-	2,823
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,823</b>	<b>(1,785,855)</b>	<b>(1,783,032)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Proceeds from share issue	19,591,110	2,781,546	-	-	-	2,781,546
Share issuance costs	-	(58,662)	-	-	-	(58,662)
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(297,010)	-	-	-	(297,010)
Stock-based compensation expense (5(d))	-	-	266,246	-	-	266,246
<b>Balance at December 31, 2017</b>	<b>140,760,402</b>	<b>43,011,623</b>	<b>2,812,948</b>	<b>(202,966)</b>	<b>(43,572,492)</b>	<b>2,049,113</b>
Loss attributed to shareholders of the Company	-	-	-	-	(799,994)	(799,994)
Exchange differences on translation of foreign operations	-	-	-	(2,440)	-	(2,440)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,440)</b>	<b>(799,994)</b>	<b>(802,434)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Proceeds from share issue	40,950,000	3,150,352	-	-	-	3,150,352
Share issuance costs	-	(547,752)	-	-	-	(547,752)
Share-based payments capitalized	-	-	305,563	-	-	305,563
Stock-based compensation expense (5(d))	-	-	194,800	-	-	194,800
<b>Balance at March 31, 2018</b>	<b>181,710,402</b>	<b>45,614,223</b>	<b>3,313,311</b>	<b>(205,406)</b>	<b>(44,372,486)</b>	<b>4,349,642</b>

Refer to Note 7 for details of the voluntary change in accounting policy adopted in 2017

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



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

**Notes to the Condensed Consolidated Financial Statements**  
*Expressed in United States Dollars unless otherwise stated*

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

The board of directors of the Company have approved these condensed consolidated interim financial statements on May 31, 2018.

### *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 March 31, 2018, 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 consolidated interim financial statements for the period ended March 31, 2018, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company’s interest in equity accounted investments

### *Basis of Presentation*

These condensed consolidated interim 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, 2017 except as described in Note 2.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

### *Going Concern*

For the period ended March 31, 2018, the consolidated entity recorded a net loss of \$799,994 and had a net cash outflow from operating and investing activities of \$528,781. As at March 31, 2018, the consolidated entity had available cash of \$2,749,488 and surplus of current assets over current liabilities of \$2,330,980.

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 consolidated financial statements.

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) *Changes in Accounting Policies*

The Company did not adopt any new accounting standards during the period ended March 31, 2018

### b) *Accounting Standards, Interpretations and Amendments to Existing Standards that are not yet effective*

The following pronouncements issued by the IASB that are not yet mandatorily applicable to the Company together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods are discussed below.

IFRS 16: Leases (applicable to annual reporting periods beginning on or after January 1, 2019) introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows;

- recognition of right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciation of right to use assets in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non lease components and instead account for all component as a lease;

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of IFRS 16 will not have a significant impact on the Company's financial statements.

### c) *Basis of Consolidation*

The condensed consolidated interim financial statements incorporate the assets and liabilities of the Company as at March 31, 2018 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.

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

**3. PLANT AND EQUIPMENT**

	<b>March 31, 2018</b>			
	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Opening net book value	56,346	9,379	95,021	160,746
Additions	2,099	-	1,393	3,492
Disposals	-	-	-	-
Depreciation	(560)	(836)	(3,482)	(4,878)
<b>Closing net book value</b>	<b>57,885</b>	<b>8,543</b>	<b>92,932</b>	<b>159,360</b>
Cost	348,593	273,177	334,951	956,721
Accumulated Depreciation	(290,708)	(264,634)	(242,019)	(797,361)
<b>Closing Net Book Value</b>	<b>57,885</b>	<b>8,543</b>	<b>92,932</b>	<b>159,360</b>

	<b>December 31, 2017</b>			
	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
Opening net book value	172,477	76,127	131,131	379,735
Additions	3,469	-	9,951	13,420
Disposals	-	-	-	-
Depreciation	(119,600)	(66,748)	(46,061)	(232,409)
<b>Closing net book value</b>	<b>56,346</b>	<b>9,379</b>	<b>95,021</b>	<b>160,746</b>
Cost	346,495	273,177	333,558	953,230
Accumulated Depreciation	(290,149)	(263,798)	(238,537)	(792,484)
<b>Closing Net Book Value</b>	<b>56,346</b>	<b>9,379</b>	<b>95,021</b>	<b>160,746</b>

**4. INVESTMENT IN ASSOCIATE**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$
Investment in Karankasso Project – at cost	1,836,171	1,836,171

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

**5. SHARE CAPITAL**

*(a) Authorised Share Capital*

At March 31, 2018, the authorised share capital comprised an unlimited number of common shares without par value.

*(b) Issued Share Capital*

	<b>Capital Stock</b>	
	<b>Number</b>	<b>\$</b>
<b>Balance, December 31, 2017</b>	140,760,402	43,011,623
Shares issued during the period ended March 31, 2018	40,950,000	2,602,600
<b>Balance March 31, 2018</b>	<b>181,710,402</b>	<b>45,614,223</b>

*Details of issues of common shares*

On January 11, 2018, 750,000 options, exercisable at C\$0.10, were exercised for total proceeds of C\$75,000.

On March 19, 2018, the Company announced that it had raised gross proceeds of C\$4,000,000 (\$3,075,124) from a private placement offering of 40,000,000 common shares at a price of C\$0.10 per common share. In connection with the private placement, the Company engaged Arlington Group Asset Management Limited and Argonaut Securities Pty Limited (together, the “Agents”) and paid commission to the Agents equal to C\$240,000, representing 6% of the gross proceeds raised under the offering and also issued an aggregate of 5,000,000 broker warrants to the Agents, exercisable until December 31, 2021 at a price of C\$0.14.

On March 29, 2018, the Company issued 200,000 common shares to Xinga Gold SARL as consideration for a reduction in the net smelter royalty from 4% to 1% in relation to the Kandiolé Sud Exploration Property in Mali

*(c) Company Stock Option Plan*

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

Details are as follows:

<b>Grant Date</b>	<b>No.</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
February 26, 2017 (fully vested)	1,075,000	0.10	February 26, 2019
January 5, 2017 (fully vested)	4,995,000	0.20	January 5, 2020
January 8, 2018 (partially vested)	7,390,000	0.11	January 8, 2021
	<b>13,460,000</b>		

On January 8, 2018 the Company issued 7,390,000 options to directors, officers and employees of the company, exercisable at C\$0.11 and expire 3 years after issue.

750,000 options have been exercised in the period ended March 31, 2018 (period ended March 31, 2017: Nil).

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

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(d) *Stock-Based Compensation*

For the period ended March 31, 2018, the expense incurred relating to stock-based compensation was \$194,800 (March 31, 2017: \$122,028).

For the period ended March 31, 2018, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock based compensation as follows:

	<b>January 8, 2018</b>
Total options granted	7,390,000
Exercise price	C\$0.11
Estimated fair value of compensation recognised	\$346,480
Balance to be recognised over remaining vesting period	\$173,240
Estimated fair value per option	\$0.05

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:

	<b>January 8, 2018</b>
Risk-free interest rate	1.76%
Expected dividend yield	0%
Expected stock price volatility	105%
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.

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

(e) Warrants

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

Warrant issue	Total Warrants Issued	Exercise Price (C\$)	Estimated fair value of warrants (i)	Estimated fair value per warrant
Shareholder Warrants issued Dec 22, 2015	4,001,524	\$0.15	101,542	\$0.033
Shareholder Warrants issued June 24 and June 30, 2017	7,789,493	\$0.20	40,613	\$0.007
Shareholder Warrants issued March 17, 2017	3,615,040	\$0.35	41,814	\$0.015
	<b>15,406,057</b>		<b>183,969</b>	<b>\$0.012</b>
Acquisition Warrants issued December 12, 2017	3,000,000	\$0.19	225,861	\$0.075
Acquisition Warrants issued December 12, 2017	2,000,000	\$0.24	167,196	\$0.083
Broker Warrants issued March 16, 2018	5,000,000	\$0.14	305,563	\$0.061
	<b>10,000,000</b>		<b>698,620</b>	<b>\$0.069</b>
<b>Total</b>	<b>25,406,057</b>		<b>882,589</b>	<b>\$0.035</b>

During the period ended March 31, 2018, 5,000,000 broker warrants were issued at \$0.14 in connection with the Private Placement in March, 2018.

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.

- (i) 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	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Shareholder Warrants issued June 30, 2016	0.52%	0%	105%	3 months
Shareholder Warrants issued December 22, 2015	0.52%	0%	105%	9 months
Acquisition Warrants issued December 12, 2016	0.74%	0%	105%	9 months
Acquisition Warrants issued December 12, 2016	0.74%	0%	105%	21 months
Acquisition Warrants issued March 17, 2017	0.75%	0%	105%	12 months
Acquisition Warrants issued March 19, 2018	0.73%	0%	105%	45 months

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

	\$
Fair value at December 31, 2017	155,750
Fair value loss on warrants carried at fair value through profit or loss	28,219
Fair value at March 31, 2018	<b>183,969</b>

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

**6. 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 two geographic areas, being Burkina Faso and Mali

**Non-current Assets**

**March 31, 2018**

	<b>Burkina Faso</b>	<b>Mali</b>	<b>Liberia</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Plant and equipment	158,486	-	-	874	159,360
Investment in Associate	1,836,171	-	-	-	1,836,171
Royalty	-	-	23,131	-	23,131
<b>Total non – current assets</b>	<b>1,994,657</b>	<b>-</b>	<b>23,131</b>	<b>874</b>	<b>2,018,662</b>

**Non-current Assets**

**December 31, 2017**

	<b>Burkina Faso</b>	<b>Mali</b>	<b>Liberia</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Plant and equipment	158,490	-	-	2,256	160,746
Investment in Associate	1,836,171	-	-	-	1,836,171
Royalty	-	-	23,131	-	23,131
<b>Total non – current assets</b>	<b>1,994,661</b>	<b>-</b>	<b>23,131</b>	<b>2,256</b>	<b>2,020,048</b>

**Loss**

**March 31, 2018**

	<b>Burkina Faso</b>	<b>Mali</b>	<b>Liberia</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Loss for the period from continuing operations	275,168	20,067	-	504,759	799,994
<b>Total comprehensive loss</b>	<b>275,168</b>	<b>20,067</b>	<b>-</b>	<b>504,759</b>	<b>799,994</b>

**Loss**

**March 31, 2017**  
(Restated)

	<b>Burkina Faso</b>	<b>Mali</b>	<b>Liberia</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Loss for the period from continuing operations	240,623	2,090	-	532,401	775,114
<b>Total comprehensive loss</b>	<b>240,623</b>	<b>2,090</b>	<b>-</b>	<b>532,401</b>	<b>775,114</b>

## 7. VOLUNTARY CHANGE IN ACCOUNTING POLICY

### (a) Exploration and Evaluation Accounting Policy

The financial report has been prepared on the basis of a retrospectively applied voluntary change in accounting policy, adopted in 2017, related to exploration and evaluation expenditure in respect of each area of interest. Please refer to note 11 within the annual consolidated financial statements for the year ended December 31, 2017.

The new accounting policy in respect of each area of interest is to expense exploration and evaluation expenditure to the profit or loss as incurred.

The previous accounting policy in respect of each area of interest was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

### (b) Impact on Financial Statements

As a result of the change in the accounting policy for exploration and evaluation expenditure in relation to each area of interest, prior year financial statements had to be restated. In order to present comparable financial statements in the current period ended March 31, 2018, the amounts disclosed in statement of loss for the period ended March 31, 2017 reporting period are after the change in accounting policy for exploration and evaluation expenditure. This has resulted in disclosure of exploration expenditure in the statement of loss for the period ended March 31, 2017 of \$242,713.

### (c) Statement of Cash Flows

Exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities whereas exploration and evaluation expenditure that is capitalised is included as part of cash flows from investing activities. This has resulted in additional cash outflows from operating activities of \$242,713 for the period ended March 31, 2017. This has also resulted in a corresponding reduction of \$242,713 being reflected in the net cash outflows from investing activities for the same reporting period.

## 8. BASIC AND DILUTED LOSS PER SHARE

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	<b>Cents per share</b>	<b>Cents per share</b>
		<b>(Restated)</b>
Basic and diluted loss per share		
- Continuing operations	(0.6)	(0.6)
	\$	\$
Net loss used in calculating basic/diluted loss per share		
- Continuing operations	799,994	775,114
Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	142,633,735	122,330,255

Diluted loss per share as at March 31, 2018 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.



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

**Notes to the Condensed Consolidated Financial Statements**  
*Expressed in United States Dollars unless otherwise stated*

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**9. NOTES TO THE CASH FLOW STATEMENT**

Reconciliation of loss after tax to net cash flows from operations

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
	\$	\$
Loss for the year	(799,994)	<b>(Restated)</b> (775,114)
Depreciation	1,382	2,732
Non cash exploration expenditure	19,257	-
Stock-based compensation	194,800	122,028
Fair value loss on warrants	28,219	111,871
Net exchange and translation differences (gain)/loss	(31,719)	(31,373)
Net cash outflows used in operating activities before change in working capital	(588,055)	(569,856)
Change in working capital	62,766	(369,021)
Net cash outflows used in operating activities	<u>(525,289)</u>	<u>(938,877)</u>

**10. SUBSEQUENT EVENTS**

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”, ASX:OKU) for consideration comprising cash and shares in Oklo for a total value of A\$1M. On May 11, 2018, the Company announced the satisfaction of all conditions precedent in relation to the binding agreement.