SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the year and quarter ended December 31, 2013

(April 30, 2014)

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

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") is intended to supplement the audited consolidated financial statements of Sarama Resources Ltd. (the "**Company**" or "**Sarama**") and its subsidiaries for the year ended December 31, 2013.

The consolidated financial statements for the year ended December 31, 2013 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 April 30, 2014.

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 resources or 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 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 substantial early-stage exploration landholdings in prospective and underexplored areas in West Africa. As at December 31, 2013, the Company had exploration landholdings in Burkina Faso (2,867km^2), Liberia (883 km^2) and Mali (146 km^2).

The Company's strategy is to maintain a presence across three jurisdictions. This provides optionality on its portfolio and allows it to better manage geopolitical risk and events that may affect the Company's ability to operate.

The Company takes a systematic approach to exploration and typically moves through the following steps to achieve its exploration outcomes:

1. regional targeting for permit selection;
2. first-pass broad-based soil sampling;
3. in-fill soil sampling;
4. follow up aircore ("**AC**") and rotary air blast ("**RAB**") drilling;
5. reverse circulation ("**RC**") drilling on identified targets; and
6. diamond drilling on identified targets;

Concurrent with the above steps, the Company may undertake geophysics utilising induced polarisation ("**IP**"), magnetic, gravity and radiometric methods.

CORPORATE

As at December 31, 2013, the Company had cash and cash equivalents of $4,200,852 and no debt.

EXPLORATION ACTIVITIES

Burkina Faso

As at December 31, 2013 the Company had interests, directly and indirectly, in properties covering an area of 2,867 km^2.

The primary exploration focus of the Company has been the South Houndé Project which is situated in south-west Burkina Faso near the borders of Ghana and Côte d'Ivoire, 260 km south-west of the national capital of Ouagadougou. The South Houndé Project is located in the Houndé Belt, which hosts Semafo Inc.'s Mana Gold Mine and Endeavour Mining Corp's Houndé Gold Project.

During the fourth quarter, the Company did not undertake any drilling activity in Burkina Faso with exploration activities limited to reconnaissance fieldwork. The Company also completed preliminary metallurgical testwork on mineralisation sourced from the Mineral Resource at the Tankoro property.

During the fourth quarter, the Company took the decision to relinquish its interests in two permits, Sola and Leyséno.

Tankoro Property

Location and Size

The Tankoro property is part of the Company's South Houndé Project and covers an area of 250 km^2.

Permit Status

In early 2011, the Company entered into an option agreement to acquire the Tankoro permit. The Company had the right to earn up to a 100% interest with a trailing 1.5% Net Smelter Return ("**NSR**") royalty, which the Company had an option to acquire for $1 million at any time after the Company has taken ownership of the permit.

On November 2, 2012, the Company exercised its option to acquire ownership of the Tankoro permit. Pursuant to the agreement with the vendor, the vendor retains the right to a 1.5% NSR royalty for any future mineral production from the Property. The Company retains the right to acquire the NSR royalty for $1 million at any time.

On March 23, 2013, the Burkina Faso Ministry of Mines and Energy issued the exploration permit to a Sarama wholly-owned subsidiary. The permit contained no additional conditions and is valid until December 17, 2014. In accordance with the Burkina Faso Mining Code, the Company can elect to renew the permit for a further three years from this expiry date.

Exploration Update

<u>Historical</u>
In the first half of 2011, initial permit-wide soil sampling programs identified two corridors of anomalous gold-in-soil occurrences. One, a 20 kilometre x 4 kilometre corridor striking north-east and, the second, a 10 kilometre-long corridor striking north-south. Following a successful scout RC drill program in 2011, a large-scale follow-up RC program commenced in January 2012, followed by diamond drilling in February 2012 and the introduction of a RAB rig in April 2012. The 50-man exploration camp established in 2011 to support field activities was expanded in the first quarter of 2012 to accommodate 80 exploration personnel.

Initial scout drilling identified several prospective areas including the MM, MC, Phantom, Guy and Obi Prospects.

The main exploration focus for the Tankoro property has been the MM Prospect. After a successful scout RC drilling program conducted in late 2011 to test a high-grade gold-in-soil anomaly, subsequent RC and diamond drilling programs totalling 14,200 metres and 13,500 metres respectively were conducted throughout 2012. These programs led to the delineation of a significant mineralised system at the MM Prospect, consisting of stacked lodes extending over a 1.4 kilometre distance along strike and to 250 metres vertical depth. Gold mineralisation appears to be shoot controlled and is of a disseminated sulphide style. The mineralisation is generally hosted in steeply dipping quartz-feldspar-porphyry dykes, many of which extend over a strike length of 1 kilometre. True thicknesses of the lodes vary but are generally greater than 8 metres. The geometry and grades of the mineralisation intersected in the drilling programs appear to be amenable to open pit mining.

In the second quarter of 2012, the Company undertook a 14,000 metre RAB drilling program which was designed to test gold-in-soil anomalies within a 5 kilometre radius of the MM Prospect. This program provided valuable information for planning future exploration within the 20 kilometre-long Tankoro Structural Corridor.

In the fourth quarter of 2012, a ground-based IP geophysical program was undertaken over the known mineralisation of the MM Prospect. The results showed a reasonable correlation between mineralisation defined by drilling and IP geophysical signatures.

In the first quarter of 2013, the Company completed 4,138 metres of diamond drilling, 12,726 metres of RC drilling and 25,161 metres of AC drilling. The diamond and RC drilling was focused on near-field extensions of mineralisation at the MM Prospect, both along strike and in the footwall and hangingwall lodes. The drilling programs extended the strike length of mineralisation at the MM Prospect by 25% to 1.9 kilometres as well as confirming continuity to a depth of 260 metres vertical. Of note was the definition of a thick (approximately 15m true width), high-grade zone in the south of the mineralised system, which remains open at depth and to the south. The identification of this high-grade zone, combined with its continuity, has led to the generation of a legitimate underground exploration target.

The AC drilling was undertaken to test anomalies identified during the ground-based IP program which occurred in the fourth quarter of 2012 in the Tankoro structural corridor. This drilling confirmed the presence of mineralisation at several prospects which will be further tested with RC drilling.

Following the success of the initial test grid, an expanded IP survey, covering a strike length of 9 kilometres was undertaken to the north and south. The results of this survey are being used successfully to generate drill targets and improve the understanding of the geological setting.

In the second quarter of 2013, the Company completed 1,732 metres of diamond drilling, 6,651 metres of RC drilling and 13,603 metres of aircore drilling. The Company focussed its exploration work on the three main prospects on its Tankoro property, namely, MM, MC and Phantom.

At the MM and Phantom Prospects, infill drilling was undertaken to support and assist with resource definition and preparation of the maiden resource. The Company also commenced drilling an IP target east of the MM Prospect, which following positive drill results, was named the MC Prospect. The MC Prospect was not detected in original soil sampling programs due to the area showing no gold response due to transported material. Following the IP survey undertaken in November 2012 and scout AC drilling in the area, numerous targets have been generated and are being systematically followed up with drill programs, the results of which are encouraging.

During the third quarter no field activities were undertaken on the Tankoro Property. The Company normally has an annual shutdown for the period from July to September due to the onset of the rainy season in West Africa, which makes field activities less productive.

The focus of the Company during the third quarter was the interpretation of data by the technical team resulting in the Company publishing its maiden Mineral Resource on the Tankoro Property. The Inferred Mineral Resource of 29.13 Mt @ 1.6 g/t Au for 1.5 Moz (@ 0.8 g/t Au cut-off) was published on September 16, 2013 and is the culmination of two years of exploration work. The Mineral Resource extends over a strike length of 5.5 km and spans the MM, MC and Phantom Prospects.

<u>Fourth Quarter</u>

During the fourth quarter a limited amount of trenching activity was undertaken at the Tankoro property.

No drilling activity was undertaken at Tankoro during the fourth quarter.

Other Burkina Faso Properties

During the fourth quarter no field activities were undertaken on the Company’s other Burkina Faso properties.

Outlook

The Company is planning regional reconnaissance and prospecting field activities across the South Houndé project during the first half of 2014.

Qualified Person's Statement

Scientific or technical information in this MD&A that relates to the Company's exploration activities in Burkina Faso is based on information compiled or approved by Michel Mercier. Michel Mercier is a consultant 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. Michel Mercier consents to the inclusion in this presentation of the information, in the form and context in which it appears.

Liberia

The Company has interests, both directly and indirectly, in five properties covering a total of 883 km^2.

During the fourth quarter, exploration activity comprised of ongoing soil geochemistry sampling programs over primary grids on the Grand Bassa property and infill grids on the Gbarpolu property and to a lesser extent on the Cape Mount property. Trenching programs were ongoing on the Cape Mount and Gbarpolu properties with encouraging results received on both properties.

The exploration season in Liberia runs from January to May and October to mid-December. The rainy season commences in May and normally ends in late September. Liberia has a tropical climate with average rainfall of 250 millimetres per month during the rainy season.

There were no changes to the status of the permits in Liberia during the fourth quarter.

Outlook

The Company will continue to undertake soil sampling and trenching activities during the first half of 2014. Once all data from these activities has been interpreted, the Company will review potential drill targets.

Mali

The Company has interests, both directly and indirectly, in four properties covering 146 km^2 in Mali.

Mali has been through a period of political activity and military instability since the coup d'état of April 2012. The Company continues to monitor the situation in Mali.

The Company maintained an office in Bamako and a small support staff but has moved its expatriate personnel to Burkina Faso. After year-end the Company elected to relinquish its office in Bamako.

During the quarter, the Company did not undertake any field activities in Mali. A desktop review of the IP survey carried out at the Kandiole Sud Property in the second quarter was undertaken and three high-quality IP exploration targets were identified for follow up.

SELECTED ANNUAL INFORMATION

The following table includes selected financial information for the past three years.

	Year ended December 31, 2013 $	Year ended December 31, 2012 $	Year ended December 31, 2011 $
Interest income	75,178	67,455	68,608
Net income (loss)	503,423	(7,386,131)	(1,498,805)
Basic and diluted earnings (loss) per share (cents)	0.8	(13.6)	(4.4)

Total assets	29,212,103	32,439,952	23,567,233
Total liabilities	372,118	4,568,086	1,489,315

The Company recorded a profit for the year ending December 31, 2013 of $503,423. The primary drivers for the difference from the previous year were the revaluation of the warrant liability to $Nil ($4,224,438), the write off of exploration and evaluation expenditure ($602,319) and the foreign exchange loss of $579,372.

RESULTS OF OPERATIONS

	Year ended December 31, 2013	Year ended December 31, 2012
Interest	(75,178)	(67,455)
Fair value gain on warrants carried at fair value through profit and loss	(4,224,438)	3,136,711
Accounting and audit	102,879	75,101
Salaries	1,112,089	1,087,119
Professional Fees	104,435	246,779
Office and General	296,678	366,953
Marketing and investor relations	296,713	225,571
IPO/Raising Costs	-	283,311
Travel	63,318	51,778
Insurance	49,643	34,393
Directors fees	133,955	168,517
General and administration expenses	2,159,710	2,539,522
Exploration expenditure written off	602,319	1,407,762
Stock-based compensation	412,157	520,091
Foreign exchange loss	586,763	(173,516)
Depreciation	35,244	23,016
Net income / (loss)	**503,423**	**(7,386,131)**

Interest income

Interest income is earned on funds held in term deposits denominated in United States dollars, Australian dollar sand Canadian dollars.

Fair value gain/(loss) on warrant liability

The Company issued a total of 10,243,012 warrants as part of the offer to shareholders and brokers during the initial public offering ("**IPO**") process. In accordance with IFRS, value was ascribed to these warrants at the time of IPO, being November 2, 2011, using the Black-Schöles Option Pricing Model. An additional 7,944,445 warrants were issued as part of the capital raising that occurred in October and November 2012 bringing the total warrants on issue to 18,187,457. In November 2013, the 10,243,012 warrants issued in November 2011 lapsed. None of these warrants were exercised.

The outstanding warrants are revalued at the end of each reporting period using the Black-Schöles Option Pricing Model. For the year ended December 31, 2013 the warrants were revalued downwards to $Nil ($4,224,438 at December 31, 2012). For the year ended December 31, 2013, the revaluation resulted in the recognition of a fair-value gain on warrants carried at fair value through the Statement of Comprehensive Income/(Loss) of $4,224,438. The movement in the fair value is driven by the reduction in the share price between the valuation dates, the lapsing of a large portion of the warrants and reduction in time to expiry.

Foreign exchange gain/ (loss)

The Company holds cash reserves in Australian Dollars, Canadian Dollars, United States Dollars, Euros and West African Francs to fund exploration and evaluation activity and pay general and administration costs. The foreign exchange gains and losses disclosed represent fluctuations in the exchange rates of non-United States dollar cash balances.

General and administration

General and administration expenses have decreased by $379,812 to $2,159,710 compared to the year ended December 31, 2012. General and administrative expenses represent the costs incurred in maintaining the administration function in Perth, Western Australia, listing and compliance costs and investor relation costs.

Key movements noted were:

- Professional fees have decreased $142,344 primarily due to reduction in legal costs and taxation adviser costs which were significant in the Company's first year of operation;
- Office and general costs have decreased by $70,275 in line with ongoing improvements in general cost control;

Stock-based compensation

The Company operates a TSX-V and shareholder-approved stock option plan.

In accordance with that plan, on February 20, 2012, the Company issued 1,125,000 options to directors, executives, employees and a consultant and on January 31, 2013, the Company issued 1,005,000 options to directors, executives, employees and a consultant.

The Company's accounting policy with respect to stock-based compensation is detailed in Note 2 "Significant Accounting Policies" in the Consolidated Financial Statements for the year ended December 31, 2012.

With regard to the two option issues mentioned above, the value of the options was calculated using the Black-Schöles Option Pricing Model. The assumptions used in the model for each of the issues are as follows:

	February 20, 2012	January 31, 2013
Volatility	95%	95%
Expected option life	2.5 – 3 years	2.5 – 3 year
Risk-free interest rate	1.14%	1.00%
Dividend yield	0%	0%

The vesting conditions for both sets of options are that 50% vest immediately and 50% vest 12 months from the date of grant. As a result, the cost of the stock-based compensation for the non-vested component is recognised progressively through the Consolidated Statement of Comprehensive Income.

Depreciation

The depreciation charge relates to the assets held at the Perth office. The charge has increased in the quarter in line with the increase in the number of fixed assets in use in the Perth office.

EXPLORATION AND EVALUATION EXPENDITURE

The Company capitalises all costs related to the acquisition, exploration and development of mineral properties until such time as a mineral property is put into commercial production, is sold or becomes impaired as allowed under IFRS 6 "Exploration for and Evaluation of Mineral Resources". The Company capitalised $8,447,485 for the year ended December 31, 2013 on exploration and evaluation activities.

SUMMARISED QUARTERLY RESULTS

The Company became a reporting issuer in November 2, 2011. Quarterly information has been prepared for the quarters back to and including the quarter ended December 31, 2011.

Summarised quarterly results for the past eight quarters are:

Quarter ended	Interest income	Net profit/(loss) for the period	Basic earnings/(loss) per share	Diluted earnings/(loss) per share
December 31, 2013	$10,143	$(1,040,018)	(1.6c)	(1.6c)
September 30, 2013	$12,305	$(258,544)	(0.0c)	(0.0c)
June 30, 2013	$23,565	$4,412	0.1c	0.0.c
March 31, 2013	$29,165	$1,797,573	3.1c	3.1c
December 31, 2012	$8,297	$(3,117,424)	(5.5c)	(5.5c)
September 30, 2012	$12,261	$(2,401,075)	(4.7c)	(4.7c)
June 30, 2012	$18,435	$1,856,052	3.8c	3.8c
March 31, 2012	$28,462	$(3,723,684)	(7.2c)	(7.2c)
December 31, 2011	$15,982	$1,203,509	2.7c	2.2c

The primary driver for the variance in net profit and loss over the quarters is the movement in the value of the warrant liability. As described on page 6 of this MD&A, the warrant liability is recalculated at the end of each quarter. The calculation of the liability is sensitive to the share price at the end of each quarter.

If the effect of the movement in the warrant liability is removed, the loss incurred by Sarama each quarter is broadly consistent quarter on quarter. The only other components of the net profit and loss are the general and administrative costs of running the Perth office, foreign exchange gains and losses, stock-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. The Company continues to believe such financing will be available, as and when required and on acceptable terms but there is no guarantee that this is the case.

As at December 31, 2013 the Company had working capital of $3,906,648. Working capital is defined as current assets less current liabilities and does not, for the purpose of this definition of working capital, include financial liabilities carried at fair value.

USE OF PROCEEDS

The Company has been disclosing in previous Management Discussion and Analysis a comparison of actual costs incurred when compared to those proposed in the "Use of Proceeds" table in the Prospectus dated October 10, 2012.

The work program contemplated in the "Use of Proceeds" was completed prior to September 30, 2013. The following table was disclosed in the Management Discussion and Analysis for the period ended September 30, 2013 but is reproduced here for information purposes.

12 Month Expenditure Plan	**Budget $**	**Actual $**
Burkina Faso		
General and administration and permit payments	1,800,000	3,087,797
Drilling	3,631,250	5,385,752
Soils, trenching & mapping	243,750	454,604
Geophysics	550,000	243,057
	6,225,000	**9,171,210**
Liberia		
General and administration and permit payments	400,000	723,831
Drilling	800,000	-
Soils, trenching & mapping	336,000	277,146
	1,536,000	**1,000,977**
Mali		

General and administration and permit payments	115,000	190,604
Soils, trenching & mapping	70,000	-
	185,000	**190,604**
Total Exploration	**7,946,000**	**10,362,791**
Head office general & administration	1,800,000	1,986,349
Total Expenditure	**9,746,000**	**12,349,140**
Closing Cash Balance	**8,254,000**	**5,650,860**

The Company's actual use of the proceeds from its capital raising activities of October and November 2012 are consistent with the budgeted activities disclosed at that time.

CONTRACTUAL OBLIGATIONS

The Company has the following commitments relating to its office lease and office equipment at December 31, 2013:

	December 31, 2013 $	December 31, 2012 $
Less than one year	18,220	55,224
Between 1 and 2 years	431	17,456
Total	18,651	72,680

COMMON SHARE DATA (as at April 30, 2014)

Common shares outstanding	66,159,894
Options issued to directors, executive officers, employees and a consultant	5,055,000
Warrants issued to shareholders and agents	7,944,445
Common shares outstanding assuming exercise of all options and warrants	79,159,339

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; and
24. PFIC classification.

For a detailed explanation of each of these risks number 1 to 24, please refer to page 15 of the Company's Annual Information Form dated November 21, 2013. The Company's Annual Information Form is published at www.sedar.com.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended December 31, 2013, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2013 Sarama adopted the following IFRS:

- IAS 1 *Presentation of Financial Statements* ("IAS 1") **-** IAS 1 was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. The Company adopted IAS 1 on January 1, 2013. The adoption of this amendment did not result in any adjustments to other comprehensive income or comprehensive income.

- IFRS 10 *Consolidated Financial Statements* ("IFRS 10") – IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more of the entities. The Company reviewed its consolidation methodology and determined that the adoption of IFRS 10 did not result in a change to the consolidation status of its subsidiaries.

- IFRS 11 *Joint Arrangements* ("IFRS 11") – IFRS 11 presents a new model for determining whether entities should account for joint arrangement using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. Sarama reviewed its joint arrangements and determined that the adoption of IFRS 11 did not result in any changes in accounting for its joint arrangements.

- IFRS 12 *Disclosure of Interest in Other Entities* ("IFRS 12") – IFRS 12 aggregates and amends disclosure requirements included within other standards. The standard requires an entity to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The application of IFRS 12 had no impact on the interim consolidated statement of comprehensive income or the consolidated statement of financial position.

- IFRS 13 *Fair Value Measurement* ("IFRS 13") – IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. Sarama adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by Sarama to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. Many are not applicable to or do not have a significant impact on the Company and have been excluded from the table below. The following have not been adopted and are being evaluated to determine their impact on the Company:

- IFRS 9, *Financial Instruments*, addresses, in its two finalized phases, the classification and measurement of financial assets and financial liabilities and hedge accounting. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. In the third and final outstanding phase of the standard, the IASB will address impairment of financial assets. The Company is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements, pending the issuance of the final standard by the IASB.

- IAS 36 *Impairment of Assets* ("IAS 36") – IAS 36 was amended regarding disclosure requirements and is effective for years beginning on or after January 1, 2014.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.