SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the quarter ended March 31, 2014

(May 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 condensed consolidated financial statements of Sarama Resources Ltd. (the "**Company**" or "**Sarama**") and its subsidiaries for the quarter ended March 31, 2014.

The condensed consolidated financial statements for the quarter ended March 31, 2014 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 May 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 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 March 31, 2014, 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.

FIRST QUARTER HIGHLIGHTS

- *Extension of strike length of anomalous gold-in-soil trend to 15km and intersection of in-situ gold mineralisation in trenching programs in Liberia*. During the quarter the Company announced that reconnaissance soil geochemistry surveys at its Cape Mount East exploration property in Liberia had successfully extended the anomalous gold-in-soil zone previously encountered at the Cape Mount exploration property to a total 15km along trend. Follow-up trenching programs on the Cape Mount property, approximately 10km north of Aureus Mining Inc's New Liberty Gold Project, have returned several intervals of significant mineralisation, confirming the presence of in-situ gold mineralisation and reinforcing previously reported soil geochemistry results.
- *Definition of a 14km-long anomalous gold-in-soil trend & intersection of in-situ gold mineralisation in trenching programs in central Liberia*. During the quarter, the Company announced that soil geochemistry surveys at its Grand Bassa exploration property in central Liberia had successfully identified several anomalous gold-in-soil trends, the largest of which extends for 14km along strike. The Company's exploration program has also intersected in-situ gold mineralisation in follow-up trenching programs, giving credence to soil geochemistry survey results.
- *Preliminary Oxide Heap Leach Testwork Delivers Excellent Results at the South Houndé Project*. During the quarter, the Company announced that preliminary metallurgical testing at its South Houndé Project in south-

west Burkina Faso had returned excellent results, reinforcing the Company's exploration bias towards oxide and free-milling material. The combination of high gold extraction, modest reagent consumption, rapid leach kinetics and an oxide mineral resource grade of 1.4g/t Au demonstrate potential to establish an oxide heap leach operation, providing an attractive low operating and capital cost alternative for the development of the South Houndé Project.

- *Heads of agreement to create a joint venture with Savary Gold Corp.* During the quarter, the Company announced that it has signed a heads of agreement with Savary Gold Corp. ("Savary") to enter into a joint venture to develop Sarama's Sérakoro 1 and Savary's Houndé South properties in Burkina Faso. The joint venture will be held 35% by Sarama and 65% by Savary and Savary will be the operator.

CORPORATE

As at March 31, 2014, the Company had cash and cash equivalents of $2,927,336 and no debt.

On January 30, 2014, the Company granted 1,415,000 options to 11 employees, directors and officers of the Company. The option grant was the result of the Company's annual compensation review and the issuance is made in accordance with the stock option plan of the Company. This plan was approved by shareholders on June 19, 2013 and allows the Company to issue a number of options up to 10% of its rolling issued and outstanding common shares. The options vest over a 6 month period, have an exercise price of $0.28 and are exercisable for a period of 3 years from the date of the grant thereof. The closing price for the Company shares listed on the TSX-V as of January 29, 2013 was $0.275 and the 5-day volume weighted average price ("VWAP") was $0.114. The exercise price is a 146% premium to the 5-day VWAP and a 14% premium to the closing bid price. Following the grant outlined herein, the Company had options outstanding equal to 9.8% of its issued and outstanding common shares.

On May 12, 2014 the Company commenced a non-brokered private placement (the "**Private Placement**") to raise gross proceeds of up to $3,000,000 Canadian Dollars ("**C$**"). The Private Placement involves the issuance of up to 20,000,000 units (the "Units") at a price of C$0.15 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to purchase one common share of the Company for C$0.20 at any time prior to two years after the issue date.

EXPLORATION ACTIVITIES

Burkina Faso

As at March 31, 2014 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 first quarter of 2014, the Company did not undertake any drilling activity in Burkina Faso with exploration activities limited to reconnaissance fieldwork. The Company also continued preliminary metallurgical testwork on mineralisation sourced from the Mineral Resource at the Tankoro property.

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 mineralised zones 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. The true thickness of the main mineralised porphyry zone varies from 2 to 20m, with an average width of approximately 10m. 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 mineral 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.

During the fourth quarter mapping and a limited amount of trenching activity was undertaken at Tankoro. No drilling activity was undertaken at Tankoro during the fourth quarter.

Current quarter

During the first quarter of 2014, mapping and trenching activity continued at Tankoro. Consistent with the fourth quarter of the previous year, no drilling was undertaken.

Other Burkina Faso Properties

During the first quarter, reconnaissance activity was undertaken on a number of the Company's other Burkina Faso properties as part of the review and rationalisation of the Company's permit holdings.

Outlook

The Company will commence a 9,000m AC program targeting oxide material with the aim of increasing the oxide resource to a size that may potentially support a heap leach operation on its Tankoro permit. The target areas are situated immediately south and north of the MM zone and extend over 5km in strike length.

In addition to the oxide focused drill program, the Company is finalising Biox® metallurgical test work as part its internal evaluation and planning activities. Results to date indicate that the concentrate produced from fresh material within the mineralised zones of the Tankoro resource are highly amenable to Biox® which, when used as a pre-conditioning step to CIL, will aid in achieving high and commercially acceptable recoveries.

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.

Scientific or technical information in this MD&A that relates to the preparation of the Company's mineral resource estimate is based on information compiled or approved by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama Resources Ltd. Adrian Shepherd is a chartered professional member in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Adrian Shepherd consents to the inclusion in this MD&A 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 quarter, exploration activity comprised of ongoing soil geochemistry sampling programs 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, Gbarpolu and Grand Bassa properties with encouraging results received on all three 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 first quarter of 2014.

Outlook

The Company has commenced a maiden 1,700m diamond drill program in May 2014 which will follow up the drill targets successfully generated from the previous soil geochemistry and trenching activities. The primary purpose of the program is to identify the source of the surface gold anomalies and to gain geological information to plan future exploration activity.

Mali

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

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

During the quarter the Company relinquished its office lease in Bamako. All exploration activity and administration is now managed from its Burkina Faso office.

During the quarter, the Company did not undertake any field activities in Mali.

Outlook

The Company has planned a reconnaissance AC drill program on its Kandiolé-Sud permit to test three high quality geophysical targets. The results of this program will be used to determine the future direction of the Company's exploration program in Mali.

SELECTED QUARTERLY INFORMATION

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

	Quarter ended March 31, 2014 $	Quarter ended March 31, 2013 $	Quarter ended March 31, 2012 $
Interest income	6,160	29,165	28,462
Net income (loss)	(409,229)	1,797,573	(3,723,684)
Basic and diluted earnings (loss) per share (cents)	(0.6c)	3.1c	(7.2c)
Total assets	28,693,971	31,708,222	23,159,126
Total liabilities	263,280	1,989,891	4,686,948

RESULTS OF OPERATIONS

	Quarter ended March 31, 2014 $	Quarter ended March 31, 2013 $
Interest	6,160	29,165
Other income	6,357	-
Fair value gain on warrants carried at fair value through profit and loss	-	3,003,354
Accounting and audit	(23,189)	(15,469)
Salaries	(167,870)	(409,713)
Professional Fees	(18,267)	(14,651)
Office and General	(56,141)	(68,357)
Marketing and investor relations	(53,593)	(89,747)
Travel	(2,942)	(40,689)
Insurance	(13,682)	(35,421)
Directors fees	(23,007)	(34,176)
General and administration expenses	(358,691)	(708,223)
Exploration expenditure written off	(11,204)	-
Stock-based compensation	(37,504)	(265,246)
Foreign exchange loss	(5,256)	(252,850)
Depreciation	(9,091)	(8,627)
Net income (loss)	**(409,229)**	**1,797,573**

Interest income

Interest income is earned on funds held in term deposits denominated in United States dollars, Australian dollars and Canadian dollars. Interest income has declined from the comparative period due to the lower cash balances held by the Company during the first quarter of 2014.

Fair value gain on warrant liability

As part of the equity raisings undertaken by the Company, shareholders will, at times, receive warrants in addition to the shares issued by the Company.

To comply with IFRS, the Company is required to record the full fair value of the warrants at the time of issue as a liability and revalue them to fair value each quarter. Should they be exercised then they would, at that point, be recorded in Share Capital.

The Company currently has 7,944,445 warrants issued. These were issued as part of the capital raising that occurred in October and November 2012.

These outstanding warrants are revalued to fair value at the end of each reporting period using the Black-Schöles Option Pricing Model utilising the assumptions disclosed in the condensed interim consolidated financial statements. For the quarter ended March 31, 2014 the value of these warrants was $Nil (March 31, 2013: $1,221,084).

Foreign exchange 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 significantly by $349,532 to $358,691 when compared to the quarter ended March 31, 2013. 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:

- Salaries costs have reduced significantly. An annual bonus was not paid in February of this year and lower salary costs are now occurring due to a position at the Perth office being made redundant in December 2013.
- Travel costs have reduced significantly. Travel undertaken by Perth-based management to West Africa has been curtailed as part of the ongoing plan to minimise expenditure.

Stock-based compensation

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

In accordance with that plan, on January 31, 2013, the Company issued 1,005,000 options to directors, executives, employees and a consultant. On January 30, 2014 the Company issued 1,415,000 options to directors, executives and employees.

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, 2013.

The stock based compensation costs reflect the calculated value of the option issues mentioned above.

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 $780,801 for the three months ended March 31, 2014 on exploration and evaluation activities.

SUMMARISED QUARTERLY RESULTS

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
March 31,2014	$6,160	$(409,229)	(0.6c)	(0.6c)
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	3.10c	3.10c
December 31, 2012	$8,297	$(3,117,424)	(5.50c)	(5.50c)
September 30, 2012	$12,261	$(2,401,075)	(4.70c)	(4.70c)
June 30, 2012	$18,435	$1,856,052	3.80c	3.80c

The primary driver for the variance in net profit and loss over the quarters is the movement in the value of the warrant liability. 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 is the case.

As at March 31, 2014 the Company had working capital of $2,765,013. Working capital is defined as current assets less current liabilities.

CONTRACTUAL OBLIGATIONS

The Company has the following commitments relating to its office lease and office equipment at September 30, 2013:

	March 31, 2014 $	December 31, 2013 $
Less than one year	5,128	18,220
Between one and two years	255	431
Total	5,383	18,651

COMMON SHARE DATA (as at May 30, 2014)

Common shares outstanding	66,159,894
Options issued to directors, executive officers, employees and a consultant	6,470,000
Warrants issued to shareholders and agents	7,944,445
Common shares outstanding assuming exercise of all options and warrants	80,574,339

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 quarter ended March 31, 2014, and up to the date of this report, the Company had no off-balance sheet transactions.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2014, the Company adopted the following IFRS:

IAS 36 *"Impairment of Assets"* ("IAS 36") - In 2013, the IASB issued amendments to IAS 36 that requires entities to disclose the recoverable amount of impaired Cash Generating Units ("CGU"). These amendments are effective for annual periods beginning on or after January 1, 2014; accordingly, the Company has adopted these amendments for the current period. These amendments had no material impact on the consolidated financial statements.

IFRIC 21 *"Levies"* ("IFRIC 21") - IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. These amendments are effective for annual periods beginning on or after January 1, 2014; accordingly, the Company has adopted these amendments for the current period. These amendments had no material impact on the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

ADDITIONAL INFORMATION

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