Sarama Resources Ltd

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(Unaudited, Expressed in United States Dollars)

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Sarama Resources Ltd. 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 unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DIRECTORS

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

REGISTERED OFFICE

Suite 2200, HSBC Building
885 West Georgia Street
Vancouver BC, Canada, V6C 3E8

AUSTRALIAN BRANCH OFFICE

Unit 8, 245 Churchill Avenue
Subiaco, Australia 6008
P: +61 8 9363 7600
F: +61 8 9382 4308

BURKINA FASO OFFICE

Sarama Mining Burkina SUARL
Quartier Ouaga 2000, secteur 15 Zone B,
Rue du Général Tiemoko Marc Garango,
13 B.P. 60 Ouagadougou 13,
Ouagadougou, République du Burkina Faso

LIBERIA OFFICE

Sarama Mining Liberia Ltd
12th Street, Sinkor, Payne Avenue
Monrovia, Liberia

LEGAL ADVISORS

Cassels Brock & Blackwell LLP
Suite 2200, HSBC Building
885 West Georgia Street
Vancouver BC, Canada, V6C 3E8

AUDITORS

PricewaterhouseCoopers
Brookfield Place
Level 15
125 St Georges Terrace
Perth, Australia 6000

WEBSITE

www.saramaresources.com

SHARE REGISTRY

TMX Equity Transfer Services
1185 West Georgia, Suite 1620
Vancouver, BC, Canada V6E 4E6

TSX.V CODE

SWA

Condensed Consolidated Statement of Financial Position

Expressed in United States Dollars
(Unaudited)

	Note	As at September 30, 2015 $	As at December 31, 2014 $
ASSETS			
Current assets			
Cash and cash equivalents		850,653	2,513,626
Security deposits		24,543	28,484
Accounts receivable		107,136	145,016
Prepayments		150,034	168,454
Total current assets		1,132,366	2,855,580
Non-current assets			
Exploration and evaluation assets	4	23,561,870	25,712,277
Plant and equipment	5	440,927	490,797
Investments	6	500,000	-
Total non-current assets		24,502,797	26,203,074
Total assets		25,635,163	29,058,654
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	373,315	288,590
Financial liabilities	8(d)	49,830	99,776
Total current liabilities		423,145	388,366
Total non-current liabilities		-	-
Total liabilities		423,145	388,366
EQUITY			
Share capital	8(a)	37,749,218	37,749,218
Stock-based compensation reserve	8(c)	2,095,718	2,054,396
Foreign currency translation reserve		(190,954)	(186,380)
Deficit		(14,441,964)	(10,946,946)
Total equity		25,212,018	28,670,288
Total liabilities and equity		25,635,163	29,058,654

These financial statements are authorised for issue by the Board of Directors on 24th November, 2015.

They are signed on the Company's behalf by:

(Signed) *"A.Dinning"* Andrew Dinning, Director

(Signed) *"L.Simon Jackson"* L. Simon Jackson, Director

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

Expressed in United States Dollars

	Note	Three month period ended Sept 30, 2015 $	Three month period ended Sept 30, 2014 $	Nine month period ended Sept 30, 2015 $	Nine month period ended Sept 30, 2014 $
Income					
Interest income		345	3,498	3,047	13,210
Other income		-	1,617	-	18,122
Fair value gain on warrants carried at fair value through profit and loss		94,354	426,631	49,946	426,631
		94,699	431,746	52,993	457,963
Expenses					
Accounting and audit		9,794	20,822	71,149	92,847
Depreciation		6,656	6,635	21,665	24,315
Directors Fees		22,068	31,759	96,003	78,297
Exploration expenditure written off		2,302,147	203,540	2,302,147	890,045
Foreign exchange loss		14,131	137,060	47,905	75,741
Insurance		5,320	31,788	13,095	58,242
Marketing and investor relations		31,713	15,895	75,184	71,095
Office and general		27,212	42,695	114,881	149,845
Professional fees		56,561	10,754	146,855	47,145
Salaries		185,080	158,264	545,304	577,628
Stock –based compensation		-	5,369	41,322	48,242
Travel		15,639	53,953	72,501	143,422
Total expenses		2,676,321	718,534	3,548,011	2,256,864
Profit/(loss) before income tax		(2,581,622)	(286,788)	(3,495,018)	(1,798,901)
Income tax expense		-	-	-	-
Profit/(loss) for the period		**(2,581,622)**	**(286,788)**	**(3,495,018)**	**(1,798,901)**
Other comprehensive loss					
Exchange differences on translation of foreign operations		(10,720)	(157,891)	(4,574)	(281,485)
Comprehensive loss for the period		**(2,592,342)**	**(444,679)**	**(3,499,592)**	**(2,080,386)**
Basic and diluted earnings/ (loss) per common share (cents)	10	(2.9c)	(0.4c)	(4.0c)	(2.4c)

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

Expressed in United States Dollars

	Nine month period ended September 30, 2015 $	Nine month period ended September 30, 2014 $
Cash flows used in operating activities		
Payments to suppliers and employees	(1,050,248)	(1,265,871)
Interest received	3,047	13,210
Net cash used in operating activities	(1,047,201)	(1,252,661)
Cash flows used in investing activities		
Purchase of plant and equipment	39,869	-
Payments for exploration and evaluation assets	(3,325,754)	(2,428,873)
Receipts from Acacia earn in agreement	3,174,014	-
Payments for investment in Joint Venture Company	(500,000)	-
Net cash used in investing activities	(611,871)	(2,428,873)
Cash flows from financing activities		2,235,431
Common shares issued for cash	-	660,231
Warrants issued	-	(79,636)
Payment of share issue costs	-	-
Net cash generated by financing activities	-	2,816,026
Net increase/(decrease) in cash and cash equivalents	(1,659,072)	(865,508)
Net foreign exchange differences	(3,903)	(356,890)
Cash and cash equivalents at beginning of the period	2,513,626	4,200,852
Cash and cash equivalents at end of the period	**850,651**	**2,978,454**

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

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

	Number of common shares	Share capital (note 5) $	Stock - based compensation reserve (note 5(d)) $	Foreign currency translation reserve $	Deficit $	Total $
Balance at January 1, 2014	**66,159,894**	**35,593,423**	**2,002,791**	**96,035**	**(8,852,264)**	**28,839,985**
Loss attributed to members of the company	-	-	-	-	(1,798,901)	(1,798,901)
Exchange differences on translation of foreign operations	-	-	-	(281,485)		(281,485)
Total comprehensive loss for the period	**-**	**-**	**-**	**(281,485)**	**(1,798,901)**	**(2,080,386)**
Transactions with owners in their capacity as owners:						
Share issues	20,992,366	2,155,795				2,155,795
Stock-based compensation			48,243			48,243
Balance at Sept 30, 2014	**87,152,260**	**37,749,218**	**2,051,034**	**(185,450)**	**(10,651,165)**	**28,963,637**
Balance at January 1, 2015	**87,152,260**	**37,749,218**	**2,054,396**	**(186,380)**	**(10,946,946)**	**28,670,288**
Loss attributed to members of the company	-	-	-		(3,495,018)	(3,495,018)
Exchange differences on translation of foreign operations	-	-	-	(4,574)	-	(4,574)
Total comprehensive loss for the period	**-**	**-**	**-**	**(4,574)**	**(3,495,018)**	**(3,499,592)**
Transactions with owners in their capacity as owners:						
Stock-based compensation	-	-	41,322	-	-	41,322
Balance at Sept 30, 2015	**87,152,260**	**37,749,218**	**2,095,718**	**(190,954)**	**(14,441,964)**	**25,212,018**

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

1. NATURE OF OPERATIONS

Sarama Resources Ltd (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on April 8, 2010.

Statement of compliance

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

The board of directors of the Company approved these condensed consolidated interim financial statements on August 26, 2015.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared 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, 2014 except as described in Note 2. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS.

2. CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies to those detailed in the Consolidated Financial Statements for the year ended December 31, 2014.

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following pronouncements were issued by the IASB and will be mandatory for accounting periods after December 31, 2014. The pronouncements have been evaluated and are not considered advantageous for early adoption.

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The Company is assessing the impact of adopting IFRS 9 on its consolidated financial statements which is mandatory for financial years commencing on or after January 1, 2018.

The IASB has issued a new standard (IFRS 15) for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Company is currently assessing the impact of adopting IFRS 15 on its consolidated financial statements which is mandatory for financial years commencing on or after 1 January 2017.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Expressed in United States Dollars

4. EXPLORATION AND EVALUATION ASSETS

The schedule below summarises the carrying amounts of acquisition costs and all capitalised exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at September 30, 2015:

	December 31, 2014	Movement 2015	September 30, 2015
	$	$	$
Burkina Faso			
Tankoro (a)			
Acquisition costs	353,097	-	353,097
Exploration expenditure	15,435,992	1,989,481	17,425,473
Fee and funds received from earn-in arrangement (b)	(898,749)	(2,525,025)	(3,423,774)
Other			
Acquisition costs	636,582	(7,983)	628,599
Exploration expenditure	6,445,654	1,011,008	7,456,662
Exploration expenditure written off	(1,332,763)	-	(1,332,763)
Fee received from earn-in arrangement (b)	(101,251)	(648,989)	(750,240)
Total Burkina Faso	**20,538,562**	**(181,508)**	**20,357,054**
Mali			
Acquisition costs	69,106	-	69,106
Exploration expenditure	2,028,038	17,780	2,045,818
Exploration expenditure written off	(1,482,966)	-	(1,482,966)
Total Mali	**614,178**	**17,780**	**631,958**
Liberia			
Pedsam			
Exploration expenditure	4,288,480	220,963	4,509,443
Exploration expenditure written off		(2,302,147)	(2,302,147)
		-	
Other			
Acquisition costs	30,000	-	30,000
Exploration expenditure	306,140	94,505	400,645
Exploration expenditure written off	(65,083)	-	(65,083)
Total Liberia	**4,559,537**	**(1,986,679)**	**2,572,858**
Total	**25,712,277**	**(2,150,407)**	**23,561,870**

a. Tankoro Permit, Burkina Faso

In early 2011, a subsidiary of the Company entered into an option agreement to acquire the Tankoro permit (“the Property”). The subsidiary had the right to earn up to a 100% interest with a trailing 1.5% Net Smelter Return (“NSR”) royalty, which the subsidiary had an option to acquire for $1 million at any time after it had taken ownership of the permit. On November 2, 2012, the subsidiary 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 for any future mineral production from the Property. The subsidiary retains the right to acquire the NSR for $1 million at any time. On March 23, 2013, the Burkina Faso Ministry of Mines and Energy issued the exploration permit. The permit contained no additional conditions and the current term expired on December 17, 2014. In accordance with the Burkina Faso Mining Code, the subsidiary has elected to renew the permit for a further three years from this expiry date. The renewal of the Tankoro permit is currently in process.

Expressed in United States Dollars

The Company is responsible for ongoing annual expenditure commitments of $131,361 required by the Government of Burkina Faso.

b. Funds received from earn-in agreement

During the quarter the Company received funding of $1,351,684 in accordance with the earn-in agreement (the "**Agreement**") with Acacia Mining plc. These funds have been applied to exploration and evaluation activities.

In accordance with the Company's accounting policy, this funds are treated as a recovery of the costs of the exploration and evaluation expenditure incurred on the permits subject to the earn-in agreement. The initial fee of US$1,000,000 was allocated to the carrying value of each permit on the basis of each permits carrying value when compared to the total carrying value of the seven permits subject to the Agreement. Funds received and used in exploration and evaluation expenditure are allocated to the permit based on exploration activity performed and the share of the allocation of in-country administration.

5. PLANT AND EQUIPMENT

	September 30, 2015			
	Plant and Equipment $	**Motor Vehicles** $	**Office Equipment** $	**Total** $
Opening net book value	240,772	126,983	123,042	490,797
Additions	10,072	-	29,797	39,869
Depreciation	(39,090)	(30,697)	(19,953)	(89,740)
Closing net book value	**211,754**	**96,286**	**132,886**	**440,926**
Cost	365,182	415,030	314,643	1,094,855
Accumulated Depreciation	(153,428)	(318,744)	(181,757)	(653,929)
Closing Net Book Value	**211,754**	**96,286**	**132,886**	**440,926**

	December 31, 2014			
	Plant and Equipment $	**Motor Vehicles** $	**Office Equipment** $	**Total** $
Opening Net Book Value	292,460	227,238	160,485	680,183
Additions	500	-	13,954	14,454
Disposals	-	(31,052)	-	(31,052)
Depreciation	(52,188)	(69,203)	(51,397)	(172,788)
Closing Net Book Value	**240,772**	**126,983**	**123,042**	**490,797**
Opening Cost	355,111	415,030	309,707	1,079,848
Accumulated Depreciation	(114,339)	(288,047)	(186,665)	(589,051)
Closing Net Book Value	**240,772**	**126,983**	**123,042**	**490,797**

Expressed in United States Dollars

6. INVESTMENTS

During the second quarter of 2015, the Company agreed to contribute to the Karankasso Project Joint Venture. The Karankasso Project Joint Venture is a joint venture with Savary Gold Corp. (65%) and Sarama (35%). An amount of $500,000 has been recognised in the financial statements representing the expenses incurred by the Karankasso Project Joint Venture to date.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2015, the Company has the following as accounts payable and accrued liabilities.

	Sept 30, 2015	**December 31, 2014**
	$	**$**
Other exploration and evaluation and administration	373,315	288,590
Total	373,315	288,590

8. SHARE CAPITAL

(a) Authorised Share Capital

At September 30, 2015, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

	Capital Stock	
	Number	**$**
Balance December 31, 2014	87,152,260	37,749,218
Shares issued during the period ended June 30,2015	-	-
Balance September 30, 2015	**87,152,260**	**37,749,218**

(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 five years. Options can be exercised at any time prior to their expiry date.

Details are as follows:

Grant Date	**No.**	**Exercise Price C$**	**Expiry Date**
May 12, 2011 (vested)	1,950,000	0.75	May 12, 2016
July 28, 2011 (vested)	450,000	1.00	July 28, 2016
February 20, 2012 (vested)	895,000	1.00	February 17, 2017
January 31, 2013 (vested)	927,500	0.80	January 31, 2018
January 30, 2014 (vested)	1,415,000	0.28	January 30, 2017
December 14, 2014 (vested)	300,000	0.10	December 30, 2017
January 5, 2015 (vested)	2,330,000	0.10	January 5, 2018

Expressed in United States Dollars

No options have been exercised in the period ended September 30, 2015 (period ended September 30, 2014: Nil).

On January 5, 2015, the Company granted 2,330,000 options to directors, executive officers, management and employees in accordance with the Company's stock option plan. The option's vesting conditions were that 50% vest immediately and 50% vest 6 months from the date of grant. The options have a term of 3 years and are exercisable at a price of C$0.10 per share.

Stock-Based Compensation

For the period ended September 30, 2015, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock based compensation as follows:

	January 5, 2015
Total options granted	2,330,000
Exercise price	CAD$0.10
Estimated fair value of compensation recognised	$41,321
Balance to be recognised over remaining vesting period	$0
Estimated fair value per option	1.8c

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

	January 5, 2015
Risk-free interest rate	0.97%
Expected dividend yield	0%
Expected stock price volatility	105%
Expected option life in years	1.5 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.

(d) 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**	**Estimated fair value of warrants at issue (i)**	**Estimated fair value per warrant at issue**
Shareholder Warrants issued between May 30, 2014 and July 4, 2014	10,496,183	CAD$0.20	49,830	6.3c
Total	**10,496,183**		**49,830**	**6.3c**

Changes in the fair value of these warrants are as follows:

	$
Fair value at December 31, 2014	**99,776**
Fair value (gain) on warrants carried at fair value through profit and loss	(49,946)
Fair value at September 30, 2015	**49,830**

Expressed in United States Dollars

(i) The fair value of the warrants recognised in the financial statements has been estimated using the Black-Schöles 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 in years**
Shareholder Warrants issued between May 30, 2014 and July 4, 2014	0.52%	0%	105%	9 months

9. FINANCIAL INSTRUMENTS

The Company is exposed to financial risks through the normal course of its business operations. The key risks impacting the Company's financial instruments are considered to be foreign currency risk, interest rate risk, liquidity risk, credit risk and equity price risk. The Company's financial instruments exposed to these risks are cash and short-term deposits, receivables, trade payables and investments in foreign operations.

The executive management team monitors the financial instrument risk to which it is exposed and assesses the impact and likelihood of those risks on an ongoing basis. Where material, these risks are reported and reviewed by the board of directors.

(a) Fair Values

The fair value of the Company's financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments. The Company's financial assets and liabilities are measured and recognised at fair value as at December 31, 2014 according to the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
(b) quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability (level 2), and
(c) prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity) (level 3).

At June 30, 2015, the Company has a warrant liability recognised at fair value. The level 2 financial liability is recognised at fair value through the profit and loss carried at fair value of $144,184 (March 31, 2015: $148,471).

10. BASIC AND DILUTED (LOSS) INCOME PER SHARE

	Nine months ending September 30, 2015 Cents per share	**Nine months ending September 30, 2014 Cents per share**
Basic (loss) income per share	**(4.0)**	**(2.4)**
Diluted (loss) income per share	**(4.0)**	**(2.4)**
	$	**$**
Net (loss) income used in calculating basic/diluted (loss) income per share	**(3,495,018)**	**(1,798,901)**
Weighted average number of shares on issue during the financial year used in the calculation of basic (loss) income per share	**87,152,260**	**75,489,834**

11. SUBSEQUENT EVENTS

On November 3, 2015, the Company entered into an agreement with Aureus Mining Inc ("Aureus"). Aureus will purchase three of the Company's Liberian mineral exploration licences for a consideration of 2.6 million Aureus common shares. Sarama will also retain an uncapped 1% net smelter return royalty on gold produced from the Cape Mount Permit, which is being purchased by the Company from the previous Liberian owner of the permit.

On November 10, 2015, the Company announced that it was conducting a private placement (the "Private Placement"). The Private Placement is anticipated to raise gross proceeds of between C$1,000,000 and C$2,000,000 through the issuance of units (the "Units") of the Company at C$0.10 per Unit. Each Unit will be comprised of one common share of the Company and one-half of one common share purchase warrant (each full warrant, a "Warrant"). Each Warrant will permit its holder to purchase one common share of the Company at a price of C$0.15 per common share for a period of 3 years after issuance.