Sarama Resources Ltd.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

(Expressed in United States Dollars)

DIRECTORS

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

April 28, 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Sarama Resources Limited

We have audited the accompanying consolidated financial statements of Sarama Resources Ltd and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statement of income (loss) and comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows, for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sarama Resources Ltd and its subsidiaries as at December 31, 2016 and December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualification to our opinion above, we draw attention to Note 2 which states that, in order for the consolidated entity to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements, additional funding will be required. To the extent that sufficient additional funding is not able to be obtained, there exists a material uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern.

HLB Mann Judd

HLB Mann Judd

Chartered Accountants

B G McVeigh

Partner

Perth, Western Australia

28 April 2017

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

	Note	As at December 31, 2016 $	As at December 31, 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		1,239,353	1,154,277
Security deposits		25,299	25,513
Other receivables		31,254	70,276
Prepayments		-	32,413
Assets held for sale	16	-	481,438
Total current assets		1,295,906	1,763,917
Non-current assets			
Exploration and evaluation assets	3	22,351,544	20,780,322
Plant and equipment	4	379,735	416,078
Investment in associate	5	1,239,114	905,723
Royalty		23,131	-
Total non-current assets		23,993,524	22,102,123
Total assets		25,289,430	23,866,040
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		801,243	568,888
Financial liabilities	6(e)	996,618	95,004
Total current liabilities		1,797,861	663,892
Total liabilities		1,797,861	663,892
EQUITY			
Share capital	6(b)	40,585,749	38,236,332
Share based payments reserve		2,546,702	2,095,718
Foreign currency translation reserve		(205,789)	(187,811)
Deficit		(19,435,093)	(16,942,091)
Total equity		23,491,569	23,202,148
Total liabilities and equity		25,289,430	23,866,040

These financial statements are authorised for issue by the Board of Directors on April 28, 2017.

They are signed on the Company's behalf by:

Andrew Dinning, Director

Simon Jackson, Director

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

Expressed in United States Dollars

	Note	Year ended December 31, 2016	Year ended December 31, 2015
		$	$
Income			
Interest income		834	3,077
Fair value gain on warrants carried at fair value through profit or loss	6	-	86,246
		834	89,323
Expenses			
Accounting and audit		33,790	40,686
Corporate development		65,140	67,413
Depreciation		13,544	26,788
Directors fees		66,484	108,982
Exploration expenditure written off		19,846	-
Fair value loss on warrants carried at fair value through profit or loss		433,588	-
Foreign exchange loss		54,398	49,156
Insurance		35,468	37,978
Loss on sale of financial assets		212,368	-
Marketing and investor relations		75,180	55,550
Office and general		230,845	199,430
Professional fees		100,394	193,014
Salaries		762,236	720,523
Stock–based compensation	6(d)	33,947	41,322
Travel		90,894	105,861
Total expenses		2,228,122	1,646,703
Loss before income tax		(2,227,288)	(1,557,380)
Income tax benefit		-	126,104
Loss for the year from continuing operations		(2,227,288)	(1,431,276)
Loss after tax from discontinued operations	16	(265,714)	(4,563,869)
Loss after discontinued operations		(2,493,002)	(5,995,145)
Items that may be reclassified to the statement of income/(loss)			
Exchange differences on translation of foreign operations		(17,978)	(1,431)
Total comprehensive loss for the year		(2,510,980)	(5,996,576)
Basic and diluted loss per share			
- Continuing operations	12	(2.1) cents	(1.6) cents
- Discontinuing operations	12	(0.3) cents	(5.3) cents
Weighted average number of shares			
Basic and diluted		104,111,406	87,349,595

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

Expressed in United States Dollars

	Note	Year ended December 31, 2016	Year ended December 31, 2015
		$	$
Cash flows used in operating activities			
Payments to suppliers and employees		(1,452,918)	(1,617,313)
Interest received		834	3,077
Other income		-	-
Income tax benefit		-	126,104
Net cash used in operating activities	13	(1,452,084)	(1,488,132)
Cash flows used in investing activities			
Purchase of plant and equipment	4	(24,359)	(41,995)
Payments for exploration and evaluation		(3,436,392)	(3,762,500)
Fee received for earn in agreement		3,331,339	3,911,904
Proceeds on sale of marketable securities		269,069	-
Payments for investment in associates		(333,391)	(500,000)
Net cash used in investing activities		(193,734)	(392,591)
Cash flows from financing activities			
Common shares and warrants issued for cash		1,850,580	590,555
Payment of share issue costs		(125,248)	(21,967)
Net cash generated by financing activities		1,725,332	568,588
Net increase/(decrease) in cash and cash equivalents		79,514	(1,312,135)
Net foreign exchange differences		5,562	(47,214)
Cash and cash equivalents at beginning of the year		1,154,277	2,513,626
Cash and cash equivalents at end of the year		1,239,353	1,154,277

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

Expressed in United States Dollars

	Number of common shares	Share capital (note 6)	Share based payments reserve (note 6(d))	Foreign currency translation reserve	Deficit	Total
		$	$	$	$	$
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 shareholders of the Company	-	-	-	-	(5,995,145)	(5,995,145)
Exchange differences on translation of foreign operations	-	-	-	(1,431)	-	(1,431)
Total comprehensive loss for the year	-	-	-	**(1,431)**	**(5,995,145)**	**(5,996,576)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue	8,003,047	590,555	-	-	-	590,555
Share issuance costs	-	(21,967)	-	-	-	(21,967)
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(81,474)	-	-	-	(81,474)
Stock-based compensation expense	-	-	41,322	-	-	41,322
Balance at December 31, 2015	**95,155,307**	**38,236,332**	**2,095,718**	**(187,811)**	**(16,942,091)**	**23,202,148**

Balance at January 1, 2016	**95,155,307**	**38,236,332**	**2,095,718**	**(187,811)**	**(16,942,091)**	**23,202,148**
Loss attributed to shareholders of the Company	-	-	-	-	(2,493,002)	(2,493,002)
Exchange differences on translation of foreign operations	-	-	-	(17,978)	-	(17,978)
Total comprehensive loss for the year	-	-	-	**(17,978)**	**(2,493,002)**	**(2,510,980)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue	15,913,985	1,850,580	-	-	-	1,850,580
Share issuance costs	-	(151,001)	-	-	-	(151,001)
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(468,026)	-	-	-	(468,026)
Share based payments capitalized (6(e))	-	-	418,810	-	-	418,810
Stock-based compensation expense (6(d))	-	-	33,947	-	-	33,947
Transfer of fair value of options exercised	-	1,773	(1,773)	-	-	-
Acquisition of mineral interests (6(a))	10,100,000	1,116,091	-	-	-	1,116,091
Balance at December 31, 2016	**121,169,292**	**40,585,749**	**2,546,702**	**(205,789)**	**(19,435,093)**	**23,491,569**

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.

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 December 31, 2016, 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.

Financial Results
The Company recorded a loss of $2,493,002 (2015: loss of $5,995,145) for the year ended December 31, 2016. In addition, the Company had working capital deficit of $501,955 (2015: $1,100,025 surplus) at December 31, 2016. Working capital is defined as current assets less current liabilities. Working capital provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The accounting policies have been consistently applied to all years presented within the consolidated financial statements, unless otherwise stated.

Basis of Presentation

These consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

Going Concern

For the year ended December 31, 2016, the consolidated entity recorded a net loss of $2,493,002 and had a net cash outflow from operating and investing activities of $1,645,817. As at December 31, 2016, the consolidated entity had available cash of $1,239,353 and deficit of current assets over current liabilities of $501,955.

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 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.

a) Changes in Accounting Policies

The Company did not adopt any new accounting standards during the period ended December 31, 2016

b) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at December 31, 2016 and the results of all subsidiaries for the year 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.

c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in United States dollars ("**USD**"), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Monetary assets and liabilities of the Company are translated into USD at the exchange rate in effect on the statement of financial position date while non-monetary assets and liabilities, revenues and expenses are translated using exchange rates in effect at the time of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Loss and Comprehensive Loss.

All foreign exchange gains and losses are presented separately in the Consolidated Statement of Loss and Comprehensive Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair-value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Functional Currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of comprehensive income (loss) are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

d) Financial Instruments

Cash and cash equivalents are classified as current assets and include short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places the majority of its cash holdings with an Australian financial institution which has a high credit rating.

Non-derivative financial assets and liabilities

The Company has the following non-derivative financial assets and liabilities:

i. Receivables
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

ii. Amounts payable and other accrued liabilities
Such financial liabilities are recognised initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method if significant.

e) Exploration and Evaluation Assets

All of the Company's projects are in the exploration stage. 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".

Mineral property acquisition costs and exploration costs are capitalised and include directly attributable administration and support costs. The recoverability of amounts shown as mineral property acquisition costs and deferred exploration costs is dependent upon a number of factors including the discovery of economically recoverable mineral deposits on the properties, the ability of the Company to obtain the financing necessary to develop the properties, the ability of the Company to obtain the permits and approvals necessary to develop the properties, and future profitable production from the properties, or their disposition for proceeds in excess of their carrying amounts. Consideration received for farm out arrangements on mineral properties is treated as a recovery of cost. If the consideration exceeds the carrying amount of the properties, a gain is recognised for the amount of such excess.

At each reporting date management reviews whether there is any indication that mineral property acquisition and exploration assets may be impaired. Impairment indicators may include expiry of exploration rights, absence of appropriate budgeted expenditure, and commercially unviable quantities of mineral resources and unlikely recovery of the carrying values through development of the mineral property. Mineral property and exploration assets are written down to their recoverable amount if their carrying value exceeds their recoverable amount.

An impairment of mineral property and exploration assets is also recorded when management determines that it will discontinue exploration or evaluation on a property or when exploration rights or permits expire and are not replaced with a new permit covering the same or substantially the same area of interest.

The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalised. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalised and will be amortised on the unit-of-production method based upon estimated proven and probable reserves once production commences.

f) Impairment of plant and equipment

At the end of each reporting period, the carrying amounts of the Company's plant and equipment is reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value-of-money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Loss and Comprehensive Income Loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Loss and Comprehensive Loss.

g) Plant and Equipment

The cost of all plant and equipment is stated at historical cost less depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Assets are depreciated over their estimated useful service lives using the straight-line method at the following periods:

Office equipment	4 years
Plant and equipment	3 years
Motor vehicles	4 years

Depreciation expense relating to plant and equipment in Burkina Faso, Mali and Liberia is capitalised and forms part of exploration and evaluation assets. Depreciation expense for plant and equipment in Australia is recognised as an expense through the Statement of Loss and Comprehensive Loss.

h) Stock-based Compensation

The fair value of share purchase options granted is recognised as an employee or consultant expense with a corresponding increase in equity. The fair value of share purchase options granted is determined by the Black-Schöles option pricing model using estimates for the volatility of the trading price of the Company's stock, the expected lives of share purchase options awarded, the fair value of the Company's shares and the risk-free interest rate.

For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date on which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of share purchase options is charged to expense over the vesting period, with offsetting amounts to equity. If the share purchase options are granted for past services, they are expensed immediately. If the share purchase options are forfeited prior to vesting, no amounts are charged to expense. If share purchase options are exercised, then the fair value of the options is re-classed from stock-based compensation reserve to share capital.

At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

i) Basic and Diluted Earnings per Share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the result attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share does not adjust the profit attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Share Warrants

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through the Statement of Loss and Comprehensive Loss in accordance with the requirements of IAS 32 Financial Instruments: Presentation. The financial liability will be accounted for at fair value through the Statement of Loss and Comprehensive Loss until such time that the warrants are exercised or lapse, at which point the liability will be transferred to equity.

k) Income Taxes

Income tax on the income or loss for the period presented comprises current and deferred tax. Income tax is recognised in the Statement of Loss and Comprehensive Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realisation or settlement.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

m) Critical Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

(i) Recoverability of Capitalised Exploration and Evaluation Expenditure

The Company capitalises its exploration and evaluation expenditure. The recoverability of these amounts is dependent upon a number of factors including the discovery of economically recoverable mineral deposits on the properties, the ability of the Company to obtain the financing necessary to develop the properties, the ability of the Company to obtain the permits and approvals necessary to develop the properties, and future profitable production from the properties, or their disposition for proceeds in excess of their carrying amounts.

(ii) Measurement of warrants and stock options

The Company determines the fair value of both warrants and options classified as liabilities at fair value through the Statement of Loss and Comprehensive Loss using the Black-Schöles Model. Note 6 provides detailed information about the key assumptions used in the determination of the fair value of warrants.

n) 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 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after January 1, 2018) addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2015, 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 directors anticipate that the adoption of IFRS 9 will not have a significant impact on the Company’s financial statements.

IFRS 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after January 1, 2018) replaces 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 directors anticipate that the adoption of IFRS 15 will not have a significant impact on the Company’s financial statements.

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.

Expressed in United States Dollars unless otherwise stated

3. 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 December 31, 2016:

	December 31, 2015	Movement 2016	December 31, 2016
	$	$	$
Burkina Faso			
Tankoro (a)			
Acquisition costs	353,097	-	353,097
Exploration expenditure	18,160,848	2,858,251	21,019,099
Fee received from earn-in arrangement (c)	(3,809,969)	(2,708,527)	(6,518,496)
Other			
Acquisition costs	588,037	1,497,890	2,085,927
Exploration expenditure	7,126,684	534,871	7,661,555
Exploration expenditure written off (b)	(1,332,763)	(19,846)	(1,352,609)
Fee received from earn-in arrangement (c)	(939,560)	(622,812)	(1,562,372)
Total Burkina Faso	**20,146,374**	**1,539,827**	**21,686,201**
Mali			
Acquisition costs	69,106	-	69,106
Exploration expenditure	2,047,808	31,395	2,079,203
Exploration expenditure written off	(1,482,966)	-	(1,482,966)
Total Mali	**633,948**	**31,395**	**665,343**
Total	**20,780,322**	**1,571,222**	**22,351,544**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

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 current term expires December 17, 2017 with the ability to extend for a further three year term by application to the Ministry of Mines and Energy.

The Company is responsible for ongoing annual expenditure commitments of $146,524 required by the Government of Burkina Faso.

b. Exploration expenditure write off

During 2016, the Company has written off costs in relation to work undertaken on the Wayou permit in Burkina Faso. In accordance with the Company's accounting policy, any exploration and evaluation costs already capitalised were charged to the Statement of Loss and Other Comprehensive Loss.

Expressed in United States Dollars unless otherwise stated

c. Fee received from earn-in agreement

During 2016 the Company received fees of $3,331,339 as part of an earn-in agreement (the "Agreement") with Acacia Mining plc entered into in December 2014. In accordance with the Company's accounting policy, the fee has been 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.

4. PLANT AND EQUIPMENT

December 31, 2016

	Plant and Equipment $	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Opening Net Book Value	200,600	89,045	126,433	416,078
Additions	3,437	-	20,922	24,359
Disposals	-	(10,767)	-	(10,767)
Depreciation	(31,560)	(2,151)	(16,224)	(49,935)
Closing Net Book Value	**172,477**	**76,127**	**131,131**	**379,735**
Opening Cost	343,025	273,177	327,157	943,359
Accumulated Depreciation	(170,548)	(197,050)	(196,026)	(563,624)
Closing Net Book Value	**172,477**	**76,127**	**131,131**	**379,735**

December 31, 2015

	Plant and Equipment $	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Opening net book value	240,772	126,983	123,042	490,797
Additions	10,072	-	31,923	41,995
Disposals	-	-	-	-
Depreciation	(50,244)	(37,938)	(28,532)	(116,714)
Closing net book value	**200,600**	**89,045**	**126,433**	**416,078**
Cost	365,183	415,030	316,110	1,096,323
Accumulated Depreciation	(164,583)	(325,985)	(189,677)	(680,245)
Closing Net Book Value	**200,600**	**89,045**	**126,433**	**416,078**

5. INVESTMENT IN ASSOCIATE

	2016	**2015**
Karankasso Project Joint Venture – at cost	1,239,114	905,723

Expressed in United States Dollars unless otherwise stated

6. SHARE CAPITAL

(a) Authorised Share Capital

At December 31, 2016, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

	Capital Stock	
	Number	**$**
Balance, 1 January, 2015	87,152,260	37,749,218
Shares issued during the period ended 31 December 2015	8,003,047	487,114
Balance January 1, 2016	**95,155,307**	**38,236,332**
Shares issued during the period ended 31 December 2016, net of costs	26,013,985	2,349,417
Balance December 31, 2016	**121,169,292**	**40,585,749**

Details of issues of common shares

On March 11, 2016 the Company exercised its option under an earn-in agreement with Pedra Mining AS (“Pedra”) to acquire the Net Smelter Royalty (“NSR”) in relation to permits in Liberia via a consideration of 500,000 common shares at valuation of C$0.065 per share ($23,131)

On May 24, 2016 the Company announced an agreement to acquire a 100% interest in the Bondi gold deposit (“Bondi”) in Burkina Faso from Orezone Gold Corp. (TSX-V:ORE). On December 13, 2016 the Company announced that agreements supporting the acquisition had been executed and the following common shares and warrants of Sarama were issued in consideration of the acquisition and were placed in escrow: 9.6 million common shares (valued at C$1.44 million ($1.093 million) issued at a share price of C$0.15 per share); 3 million warrants for common shares in Sarama, exercisable for 2 years at a price of C$0.195 per share; 2 million warrants for common shares in Sarama, exercisable for 3 years at a price of C$0.24 per share. The shares will remain in escrow until related approvals and opinions from the government of Burkina Faso have been received and the transfer of the underlying Djarkadougou exploration permit from Orezone to Sarama has been completed.

On June 8, 2016 the Company announced a private placement to raise gross proceeds of up to C$2,250,000. The private placement process was completed on June 30, 2016 and resulted in gross proceeds of C$2,351,848 ($1,822,210) less share issuance costs of $151,001 being raised by issuing 15,678,985 shares and 7,839,493 common share purchase warrants.

On August 22, 2016, 135,000 warrants issued in May 2014, exercisable at C$0.20 and expiring May 2017, were exercised for total proceeds of C$27,000 ($20,888)

On November 8, 2016, 100,000 options, exercisable at C$0.10, were exercised for total proceeds of C$10,000 ($7,482) *(c) Company Stock Option Plan*

Expressed in United States Dollars unless otherwise stated

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:

Grant Date	**No.**	**Exercise Price**	**Expiry Date**
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)	1,365,000	0.28	January 30, 2017
December 14, 2014 (vested)	300,000	0.10	December 30, 2017
January 5, 2015 (vested)	2,180,000	0.10	January 5, 2018
February 26, 2016 (vested)	1,445,000	0.10	February 26, 2019
	7,112,500		

100,000 options have been exercised in the year ended December 31, 2016 (year ended December 31, 2015: Nil).

(d) Stock-Based Compensation

For the full year ended December 31, 2016, the expense incurred relating to stock-based compensation was $33,947 (2015: $41,322).

For the year ended December 31, 2016, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock based compensation as follows:

	February 26, 2016
Total options granted	1,445,000
Exercise price	C$0.10
Estimated fair value of compensation recognised	$33,947
Balance to be recognised over remaining vesting period	$0
Estimated fair value per option	$0.02

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:

	February 26, 2016
Risk-free interest rate	0.99%
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.

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 between May 30, 2015 and July 4, 2015	10,361,183	$0.20	292,780	$0.03
Shareholder Warrants issued December 22, 2015	4,001,524	$0.15	281,259	$0.07
Shareholder Warrants issued June 24 and June 30, 2016	7,839,493	$0.20	422,579	$0.05
	22,202,200		**996,918**	**$0.04**
Broker Warrants issued June 24 and June 30, 2016	501,900	$0.15	25,753	$0.05
Acquisition Warrants issued December 12, 2016	3,000,000	$0.19	225,861	$0.08
Acquisition Warrants issued December 12, 2016	2,000,000	$0.24	167,196	$0.08
	5,501,900		**418,810**	**$0.08**
Total	**27,704,100**		**1,415,428**	**$0.05**

The fair value of shareholder warrants are recognised as a financial liability in the financial statements in accordance with IAS 32.
The fair value of broker and acquisition warrants are recognised within share based payments reserve, within the equity section of the financial statements, in accordance with IFRS 2.

135,000 shareholder warrants were exercised during the year at C$0.20 per warrant

(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, 2015 and July 4, 2015	0.52%	0%	105%	6 months
Shareholder Warrants issued December 22, 2015	0.52%	0%	105%	2 years
Shareholder Warrants issued June 30, 2016	0.52%	0%	105%	1 year and 6 months
Broker Warrants issued June 30, 2016	0.52%	0%	105%	1 year
Acquisition Warrants issued December 12, 2016	0.74%	0%	105%	2 years
Acquisition Warrants issued December 12, 2016	0.74%	0%	105%	3 years

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

	$
Fair value at December 31, 2015	95,004
Fair value ascribed to warrants at completion of the private placement	468,026
Fair value (loss) on warrants carried at fair value through profit or loss	433,588
Fair value at December 31, 2016	**996,618**

Expressed in United States Dollars unless otherwise stated

7. INCOME TAXES

A reconciliation of the income tax at statutory rates is as follows:	**December 31, 2016**	**December 31, 2015**
Loss for the year before income tax	(2,493,002)	(5,995,145)
"Prima facie" income tax benefit at 26% (2015: 26%)	(648,181)	(1,558,738)
Tax effect of permanent differences:		
Stock – based payments	8,826	10,744
Foreign exchange (gains) / losses	14,143	12,781
Revaluation of warrant liability	112,733	(22,424)
Tax deductions for capital raising costs in Equity	(7,852)	-
Research and development grant	-	(126,104)
Adjustment in respect of global tax rate differences	(12,542)	(9,984)
Deferred tax assets not brought to account	532,873	1,567,621
Income tax benefit	-	(126,104)

Deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	December 31, 2016	December 31, 2015
	$	$
Deferred tax liabilities:	-	-
Deferred tax assets		
Tax losses	3,692,975	3,961,783
Capital raising costs expensed	108,765	90,413
	3,801,740	4,052,196
Deferred tax assets not recognised	(3,801,740)	(4,052,196)
Deferred tax assets recognised at 31 December	-	-

Unrecognised deferred tax assets

	December 31, 2016	December 31, 2015
Deferred tax assets have not been recognised in respect of the following items:	$	$
Tax losses - Canada	2,103,008	1,972,307
Tax losses - Liberia	19,377	733,272
Tax losses - Burkina Faso	1,194,174	887,833
Tax losses - Mali	376,416	368,371
Capital raising costs expensed	108,765	90,413
	3,801,740	4,052,196

The realisation of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax assets have been recognised for accounting purposes.

8. 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, 2016 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 December 31, 2016, the Company has a warrant liability recognised at fair value. The level 2 financial liability is recognised at fair value through the profit or loss carried at fair value of $996,618 (2015: $95,004).

At December 31, 2016, the Company had a receivable recognised at fair value. The level 1 financial asset is recognised at fair value through the profit or loss carried at fair value of $Nil (2015: $481,438).

(b) Financial Instrument Risk Exposure

Foreign currency risk

The Company has international operations in West Africa, namely Burkina Faso, Mali and Liberia and an administrative office in Western Australia. The multiple locations expose the Company to foreign exchange risk as detailed below:

- Canadian dollar (CAD) – primary source of Company funding and its corporate and regulatory costs.
- Australian dollar (AUD) – administrative costs in Western Australia.
- Euro and Communauté Financiére Africaine Francs (CFA) – funding of African operations.

Management's policy is to actively manage foreign exchange risk. Management mitigates foreign exchange risk by continuously monitoring forecasts and spot prices of foreign currency and holding foreign currency based on expected future expenditure commitments.
The carrying amounts of the Company's financial assets and liabilities are denominated in USD, except as set out below:

	As at December 31, 2016		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	679,679	303,615	7,848
Payables	18,531	9,960	-
	As at December 31, 2015		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	45,367	288,500	14,062
Payables	36,927	52,276	-

Expressed in United States Dollars unless otherwise stated

Sensitivity

Based on the financial instruments held as at December 31, 2016, had the US dollar weakened/strengthened by 10% against the AUD, CAD or EUD, with all other variables held constant, the Company's losses/gains for the year would have been mainly as a result of foreign exchange gains/losses in translation of foreign denominated currencies. The following table summarises the sensitivity of the Company's cash and cash equivalents to changes in foreign exchange rates.

The Company's exposure to other foreign exchange movements is not material.

	As at December 31, 2016		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(43,443)	(15,490)	(752)
USD Weakened by 10%	53,097	24,230	919
	As at December 31, 2015		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(88,600)	(77,842)	(1,962)
USD Weakened by 10%	108,289	95,141	2,398

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable.

The Company has reduced its credit risk by holding all of its cash and cash equivalents with an Australian financial institution, whose Moody's Investor Service rating is Aa2, except for working capital requirements in West Africa.

Liquidity risk

Ultimate responsibility for liquidity risk rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Company's funding and liquidity requirements.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are adequate funds available to meet its operating and growth objectives. The Company relies on issuance of shares to fund exploration programs and will most likely issue additional shares in the future.

Interest rate risk

The Company is exposed to interest rate risk as entities in the Company deposit funds at both short-term fixed and floating rates of interest. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at variable rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

Expressed in United States Dollars unless otherwise stated

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responding to changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2016. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. The Company is not subject to externally imposed capital requirements.

The properties in which the Company currently has interests are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical source of capital has consisted of the issue of equity securities and warrants. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is exposed to various funding and market risks which could curtail its access to funds.

10. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of Incorporation	Class of shares	Functional Currency	Equity holding % 2016	Equity holding % 2015
Sarama Investments Ltd	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Investments (No.2) Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Investments Mali Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Investments Liberia No. 2 Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Burkina Faso Holdings Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
SWA BF No.3 Investments Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Mining Burkina SUARL	Burkina Faso	Ordinary	CFA	**100**	**100**
Sarama Faso SARL	Burkina Faso	Ordinary	CFA	**100**	**100**
SWA SARL	Burkina Faso	Ordinary	CFA	**100**	**100**
Sarama Mining Mali SARL	Mali	Ordinary	CFA	**100**	**100**
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	**100**	**100**

Expressed in United States Dollars unless otherwise stated

11. 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 three geographic areas, being Burkina Faso, Mali and Liberia.

Non-current Assets			**December 31, 2016**		
	Burkina Faso	**Mali**	**Liberia**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Exploration and evaluation assets	21,686,201	665,343	-	-	22,351,544
Plant and equipment	368,302	-	-	11,433	379,735
Investment in Associate	1,239,114	-	-	-	1,239,114
Royalty	-	-	23,131	-	23,131
Total non – current assets	**23,293,617**	**665,343**	**23,131**	**11,433**	**23,993,524**

Non-current Assets			**December 31, 2015**		
	Burkina Faso	**Mali**	**Liberia**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Exploration and evaluation assets	20,146,374	633,948	-		20,780,322
Plant and equipment	365,455	-	26,037	24,586	416,078
Investment in Associate	905,723	-	-	-	905,723
Total non – current assets	**21,417,552**	**633,948**	**26,037**	**24,586**	**22,102,123**

Loss			**December 31, 2016**		
	Burkina Faso	**Mali**	**Liberia**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Loss for the year from continuing operations	19,846	-	77,509	2,129,933	2,227,288
Loss for the year from discontinuing operations	-	-	265,714	-	265,714
Total comprehensive loss	**19,846**	**-**	**342,223**	**2,129,933**	**2,493,002**

Loss			**December 31, 2015**		
	Burkina Faso	**Mali**	**Liberia**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Loss for the year from continuing operations	-	-	-	1,431,276	1,431,276
Loss for the year from discontinuing operations	-	-	4,563,869	-	4,563,869
Total comprehensive loss	**-**	**-**	**4,563,869**	**1,431,276**	**5,995,145**

Expressed in United States Dollars unless otherwise stated

12. BASIC AND DILUTED LOSS PER SHARE

	December 31, 2016	December 31, 2015
	Cents per share	**Cents per share**
Basic and diluted loss per share		
- Continuing operations	(2.1)	(1.6)
- Discontinuing operations	(0.3)	(5.3)
	$	**$**
Net loss used in calculating basic/diluted loss per share		
- Continuing operations	(2,227,288)	(1,431,276)
- Discontinuing operations	(265,714)	(4,563,869)
	(2,493,002)	(5,995,145)
Weighted average number of shares on issue during the financial year used in the calculation of basic (loss) income per share	104,111,406	87,349,595

Diluted loss per share as at December 31, 2016 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

13. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss after tax to net cash flows from operations

	December 31, 2016 $	December 31, 2015 $
(Loss) income for the period	(2,493,002)	(5,995,145)
Depreciation	13,544	26,788
Exploration expenditure written off	19,846	-
Loss from discontinued operations	265,714	4,563,869
Loss on sale of financial assets	212,368	-
Stock–based compensation	33,947	41,322
Fair value loss/(gain) on warrants	433,588	(86,246)
Professional fees written off from prior year	-	71,720
Net exchange and translation differences (gain)/loss	54,398	49,156
Net cash outflows used in operating activities before change in working capital	(1,459,597)	(1,328,536)
Change in working capital	7,513	(159,596)
Net cash outflows used in operating activities	(1,452,084)	(1,488,132)

14. COMMITMENTS

The Company has the following commitments relating to its office leases:

	December 31, 2016 $	December 31, 2015 $
Less than one year	26,033	33,191
Between 1 and 2 years	4,343	-
Greater than 2 years	724	-
Total	31,100	33,191

The Company has no contingencies (2015: Nil).

Expressed in United States Dollars unless otherwise stated

15. RELATED PARTIES - KEY MANAGEMENT COMPENSATION

Year	Salary	Directors Fees	Stock-based compensation	Pension value (1)	All other compensation	Total compensation
2016	708,660	66,484	33,947	55,649	-	**864,740**
2015	698,599	108,982	41,322	54,882	-	**903,785**

Notes:

(1) The Company is required by applicable law in Australia to make an annual contribution of 9.5% of gross annual salary to the nominated superannuation funds of Australian employees. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Company contributes. The Company contributes to superannuation funds of Australian resident named executive officers (NEO) at a rate of 10% of base salary per year, in addition to the base salary. The Company does not provide defined benefit plans or other pension entitlements for any of its employees.

There are no other related party transactions.

16. DISCONTINUED OPERATIONS

The consolidated entity's Liberian operations were presented as discontinued operations for the year end 31 December, 2015, following the sale agreement entered into with Aureus Mining on November 3, 2015. The sale was completed January 6, 2016 with the Company receiving 5,648,310 common shares in Aureus Mining Inc. as consideration. .

The Company realised an impairment loss on the write down of the assets of its Liberian operations to fair value less costs to sell.

a) Assets of disposal group classified as held for sale

	2016	2015
	$	$
Receivable	-	481,438

b) Cumulative income or expenses recognised directly in profit or loss relating to disposal groups classified as held for sale

	2016	2015
	$	$
Exploration written off	-	(2,906,582)
Loss on disposal	(265,714)	(1,657,287)
Net loss on discontinued operations	(265,714)	(4,563,869)

17. SUBSEQUENT EVENTS

On January 6, 2017 the company issued 4,995,000 options to directors, officers and employees of the company, exercisable at C$0.20 and expire 3 years after issue.

On February 3, 2017, the Company announced that pursuant to the Earn-In Agreement between Sarama and Acacia Mining plc ("Acacia") in respect of the South Houndé Project (the "Project") in Burkina Faso (refer News Release November 27, 2014), Acacia has achieved the minimum required expenditure of USD 7 million and met all conditions required to attain a 50% equity interest in the Project, effective January 1, 2017.

On February 16, 2017 The Company introduced an incentive program designed to encourage the early exercise of up to 10,361,183 warrants originally issued between May 30 and July 4, 2014 and exercisable at C$0.20. As an incentive to exercise early the Company offered one half of one warrant exercisable until March 17, 2019 at a price of C$0.35 to those warrant holders who exercised their original warrants prior to March 17, 2017.
Upon completion of the incentive program, an aggregate of 7,263,333 warrants had been exercised, resulting in gross proceeds to the Company of C$1,452,666.60. In connection with the incentive program, the Company issued an aggregate of 3,615,040 incentive warrants, exercisable until March 17, 2019 at a price of C$0.35.