Sarama Resources Ltd

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

(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)

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Condensed Consolidated Statement of Financial Position

Expressed in United States Dollars
(Unaudited)

	Note	As at March 31, 2016 $	As at December 31, 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		1,164,500	1,154,277
Security deposits		26,794	25,513
Accounts receivable		89,733	70,276
Prepayments		3,416	32,413
Assets held for sale		-	481,438
Available-for-sale financial assets	4	527,496	-
Total current assets		1,811,939	1,763,917
Non-current assets			
Exploration and evaluation assets	5	20,820,186	20,780,322
Plant and equipment	6	417,471	416,078
Investment in associate	7	905,723	905,723
Royalty		23,131	-
Total non-current assets		22,166,511	22,102,123
Total assets		23,978,450	23,866,040
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,061,544	568,888
Financial liabilities	8(e)	232,922	95,004
Total current liabilities		1,294,466	663,892
Total non-current liabilities		-	-
Total liabilities		1,294,466	663,892
EQUITY			
Share capital	8(a)	38,259,463	38,236,332
Stock-based compensation reserve	8(d)	2,129,665	2,095,718
Foreign currency translation reserve		(190,198)	(187,811)
Deficit		(17,514,946)	(16,942,092)
Total equity		22,683,984	23,202,148
Total liabilities and equity		23,978,450	23,866,040

These financial statements are authorised for issue by the Board of Directors on May, 26, 2016.

They are signed on the Company's behalf by:

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

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

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

Condensed Consolidated Statement of Loss and Comprehensive Loss

Expressed in United States Dollars
(Unaudited)

	Note	Three month period ended March 31, 2016 $	Three month period ended March 31, 2015 $
Income			
Interest income		291	2,562
Foreign exchange gain		6,558	-
Fair value gain on revaluation of available-for-sale financial assets		46,058	-
		52,907	2,562
Expenses			
Accounting and audit		11,950	24,710
Corporate development		25,839	5,711
Depreciation		3,630	6,701
Directors Fees		20,804	37,085
Foreign exchange loss		-	37,550
Insurance		6,493	-
Marketing and investor relations		2,783	14,427
Office and general		103,872	31,472
Professional fees		1,563	6,328
Salaries		192,419	176,754
Stock-based compensation		33,947	30,991
Travel		21,107	29,931
Fair value loss on warrants carried at fair value through profit and loss		137,918	48,695
Loss on disposal of assets		63,436	-
Total expenses		625,761	450,355
Loss before income tax		(572,854)	(447,793)
Income tax expense		-	-
Loss for the period		(572,854)	(447,793)
Other comprehensive (loss) income			
Items that may be reclassified to the statement of income/(loss)			
Exchange differences on translation of foreign operations		(2,387)	4,449
Comprehensive loss for the period		(575,241)	(443,344)
Basic and diluted earnings/(loss) per common share (cents)	9	(0.6)	(0.5)

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

Expressed in United States Dollars

	Note	Three months ended March 31, 2016	Three months ended March 31, 2015 $
Cash flows used in operating activities			
Payments to suppliers and employees		(406,098)	(347,881)
Interest received		291	2,562
Net cash used in operating activities		(405,807)	(345,319)
Cash flows used in investing activities			
Purchase of plant and equipment		1,393	-
Payments for exploration and evaluation		(799,786)	(1,389,635)
Funds received from earn in agreement		1,211,536	1,351,684
Net cash used in investing activities		413,143	(37,951)
Net cash generated by financing activities		-	-
Net decrease in cash and cash equivalents		7,336	(383,270)
Net foreign exchange differences		2,887	(34,497)
Cash and cash equivalents at beginning of the period		1,154,277	2,513,626
Cash and cash equivalents at end of the period		1,164,500	2,095,859

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

Expressed in United States Dollars

	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, 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	-	-	-		(5,995,146)	(5,995,146)
Exchange differences on translation of foreign operations	-	-	-	(1,431)	-	(1,431)
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,431)**	**(5,995,146)**	**(5.996.577)**
Transactions with owners in their capacity as owners:						
Share issue	8,003,047	487,114	-	**-**	**-**	487,114
Stock-based compensation	-	-	41,322	-	-	30,991
Balance at March 31, 2015	**95,155,307**	**38,236,332**	**2,095,718**	**(187,811)**	**(16,942,092)**	**23,202,147**
Balance at January 1, 2016	**95,155,307**	**38,236,332**	**2,095,718**	**(187,811)**	**(16,942,092)**	**23,202,147**
Loss attributed to members of the company	-	-	-	-	(572,854)	(572,854)
Exchange differences on translation of foreign operations	-	-	-	(2,387)	-	(2,387)
Total comprehensive loss for the period	**-**	**-**	**-**	**(2,387)**	**(572,854)**	**(575.241)**
Transactions with owners in their capacity as owners:						
Share issue	500,000	23,131	-	**-**	**-**	23,131
Stock-based compensation	-	-	33,947	-	-	33,947
Balance at March 31, 2016	**95,655,307**	**38,259,463**	**2,129,665**	**(190,198)**	**(17,514,946)**	**22,683,984**

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 May 26, 2016.

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, 2015 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, 2015, which have been prepared in accordance with IFRS.

Going Concern

For the period ended March 31, 2016, the consolidated entity recorded a net loss of $572,854 and had a net cash inflow from operating and investing activities of $7,336. As at March 31, 2016, the consolidated entity had available cash of $1,164,500 and surplus of current assets over current liabilities of $517,473.

The Directors have assessed the need to acquire additional funding to continue to operate as a going concern for the foreseeable future. The Directors believe such funding will be obtained and therefore consider it appropriate to prepare the financial report on a going concern basis, which assumes the realisation of the consolidated entity's assets and the discharge of its liabilities in the normal course of business and at the amounts stated in the condensed consolidated financial statements.

Should additional funding be unable to be obtained, the Directors believe that the Company can remain a going concern by the further reduction of various operating expenditure. However, these circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

2. 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, 2015.

Expressed in United States Dollars

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, 2015. 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 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 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.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets carried at fair value:

	March 31, 2016	December, 31, 2015
Listed equity securities.	527,496	-

The market value of the listed equity securities represents the fair value based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. This investment is classified as a Level 1 investment. There have been no transfers between levels of the fair value hierarchy in measuring the fair value of these financial instruments, or changes in its classification as a result of the purpose or use of these assets.

Expressed in United States Dollars

5. 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 March 31, 2016:

	December 31, 2015	Movement 2016	March 31, 2016
	$	$	$
Burkina Faso			
Tankoro (a)			
Acquisition costs	353,097	-	353,097
Exploration expenditure	18,160,848	547,689	18,708,537
Fee and funds received from earn-in arrangement (b)	(3,809,969)	(531,523)	(4,341,492)
Other			
Acquisition costs	588,037	-	588,037
Exploration expenditure	7,126,683	446,709	7,573,391
Exploration expenditure written off	(1,332,763)	-	(1,332,763)
Fee received from earn-in arrangement (b)	(939,560)	(428,670)	(1,368,230)
Total Burkina Faso	**20,146,374**	**34,205**	**20,180,579**
Mali			
Acquisition costs	69,106	-	69,106
Exploration expenditure	2,047,808	5,659	2,053,467
Exploration expenditure written off	(1,482,966)	-	(1,482,966)
Total Mali	**633,948**	**5,659**	**639,607**
Total	**20,780,322**	**39,864**	**20,820,186**

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, 2015. 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. On September 16, 2015, the Burkina Faso Ministry of Mines and Energy issued the mandatory second renewal of the Tankoro permit. The permit contained no additional conditions and is valid until December 17, 2017.

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

Expressed in United States Dollars

b. *Funds received from earn-in agreement*

During the quarter the Company received funding of $1,211,536 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 Company has allocated the funds 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.

6. PLANT AND EQUIPMENT

	March 31, 2016			
	Plant and Equipment $	**Motor Vehicles $**	**Office Equipment $**	**Total $**
Opening net book value	200,600	89,045	126,433	416,078
Additions	-	-	160	160
Disposals	6,853	7,263	-	14,116
Depreciation	(6,475)	-	(6,408)	(12,883)
Closing net book value	**194,125**	**96,308**	**121,622**	**417,471**
Cost	365,183	415,030	316,270	1,096,483
Accumulated Depreciation	(164,205)	(318,722)	(196,085)	(679,012)
Closing Net Book Value	**200,978**	**96,308**	**120,185**	**417,471**

	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**
Opening 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**

7. INVESTMENT IN ASSOCIATE

	March 31, 2016	**December, 31, 2015**
Karankasso Project Joint Venture – at cost	905,723	905,723

Expressed in United States Dollars

8. SHARE CAPITAL

(a) Authorised Share Capital

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

(b) Issued Share Capital

	Capital Stock Number	$
Balance December 31, 2015	95,155,307	38,236,332
Shares issued during the period ended March 31,2016	500,000	23,131
Balance March 31, 2016	**95,655,307**	**38,259,463**

(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 (partially vested)	300,000	0.10	December 30, 2017
January 5, 2015 (partially vested)	2,330,000	0.10	January 5, 2018
February 26, 2016	1,445,000	0.10	February 26, 2019

No options have been exercised in the period ended March 31, 2016 (period ended March 31, 2015: Nil).

On February 26, 2016 the Company granted 1,445,000 options to directors, executive officers, management and employees in accordance with the Company's stock option plan. The option's vested immediately at the date of grant. The options have a term of 3 years and are exercisable at a price of C$0.10 per share.

(d) Stock-Based Compensation

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

	February , 2016
Total options granted	1,445,000
Exercise price	$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

Expressed in United States Dollars

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 , 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.

(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**	**Estimated fair value of warrants (i)**	**Estimated fair value per warrant**
Shareholder Warrants issued between May 30, 2015 and July 4, 2015	10,496,183	CAD$0.20	125,686	0.01c
Shareholder Warrants issued December 22, 2015	4,001,524	CAD$0.15	107,236	0.03c
Total	**14,497,707**		**232,922**	**0.04c**

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

	$
Fair value at December 31, 2015	**95,004**
Fair value (gain) on warrants carried at fair value through profit and loss	137,918
Fair value at March 31, 2016	**232,922**

(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	0.54%	0%	105%	1 year and 3 months
Shareholder Warrants issued December 22, 2015	0.54%	0%	105%	2 years and 9 months

Expressed in United States Dollars

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, 2015 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 March 31, 2016, the Company had listed equity securities recognised at fair value. The level 1 financial asset is recognised at fair value through the profit and loss and was carried at fair value of $527,496.

At March 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 and loss carried at fair value of $232,922 (December 31, 2015: $95,004).

10. BASIC AND DILUTED (LOSS) INCOME PER SHARE

	March 31, 2016 **Cents per share**	**Three months ending March 31, 2015** **Cents per share**
Basic (loss) income per share	(0.6)	(0.5)
Diluted (loss) income per share	(0.6)	(0.5)

		$
Net (loss) income used in calculating basic/diluted (loss) income per share	(572,854)	(447,793)
Weighted average number of shares on issue during the financial year used in the calculation ofbasic (loss) income per share	95,269,437	87,152,260

11. SUBSEQUENT EVENTS

Sale of the Aureus Mining Inc. Shares

During May 2016, the Company sold the 5,648,310 common shares in Aureus Mining Inc. it had received as consideration for the sale of its Cape Mount properties in January 2016. Total proceeds received from the sale were $269,069.

Acquisition of the Bondi Gold Project

On May 24, 2016, the Company announced the acquisition of the Bondi gold deposit from Orezone Gold Corporation ("**Orezone**").

Pursuant to the terms of the Heads of Agreement, subject to TSX Venture Exchange approval and satisfaction of certain conditions set out in the Heads of Agreement, Sarama will issue to Orezone:

- 9.6 million common shares in the capital of Sarama;
- 3 million warrants for common shares in Sarama, valid for 2 years and exercisable at a price of $0.195 per share, being 30% above the volume-weighted average price (calculated over a 10-trading day period immediately before the execution of the Heads of Agreement); and
- 2 million warrants for common shares in Sarama, valid for 3 years and exercisable at a price of $0.240 per share, being 60% above the volume-weighted average price (calculated over a 10-trading day period immediately before the execution of the Heads of Agreement).

Both warrants series will have an accelerated expiry, giving Sarama the option to reduce the life of the warrants if, at any time during their life, the closing price of Sarama common shares is 100% above the respective exercise prices for 15 consecutive trading days.

Orezone will also be entitled to receive a production royalty of US$20/ounce gold sold on the first 200,000 ounces of gold produced from within the property, or its successor mineral tenure area.

Sarama and Orezone anticipate completing a definitive agreement in respect of the Bondi acquisition in the coming weeks and will commence the transfer process for the Djarkadougou Permit, in which the Bondi gold deposit is located, shortly thereafter.