Sarama Resources Ltd

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

(Expressed in United States Dollars)

DIRECTORS

Simon Jackson (Chairman)
Andrew Dinning (CEO)
Adrian Byass (Non-executive Director)
Steven Zaninovich (Non-executive Director)

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INDEPENDENT AUDITOR'S REPORT

To the members of Sarama Resources Limited.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sarama Resources Ltd ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2020, the statement of loss and other comprehensive loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of Sarama Resources Ltd presents fairly, in all material respects, the consolidated financial position of the Group as 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial report in Canada. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management and those charged with governance for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is M R Ohm.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 March 2021

M R Ohm
Partner

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Andrew Dinning"
Director, President and CEO
March 30, 2021

(signed) "Lui Evangelista"
CFO
March 30, 2021

Expressed in United States Dollars

	Note	As at December 31, 2020 $	As at December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1,619,613	2,227,604
Security deposits		26,982	24,483
Other receivables		59,709	32,010
Prepayments	15	221,805	7,654
Financial assets	9	-	77,517
Total current assets		1,928,109	2,369,268
Non-current assets			
Plant and equipment	4	32,671	51,568
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		1,891,973	1,910,870
Total assets		3,820,082	4,280,138
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		249,638	278,741
Termination Agreement - Barrick	6	-	1,000,000
Total current liabilities		249,638	1,278,741
Non-current liabilities			
Provision for employee entitlements		320,855	193,387
Termination Agreement - Barrick	6	1,012,399	-
Total non-current liabilities		1,333,254	193,387
Total liabilities		1,582,892	1,472,128
EQUITY			
Share capital	7(b)	51,715,494	50,162,722
Share based payments reserve	7(d)	4,019,623	3,659,411
Foreign currency translation reserve		-	(93,399)
Deficit		(53,497,927)	(50,920,724)
Total equity		2,237,190	2,808,010
Total liabilities and equity		3,820,082	4,280,138

These financial statements are authorised for issue by the Board of Directors on March 30, 2021.

They are signed on the Company's behalf by:

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

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

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

Expressed in United States Dollars

	Note	Year ended December 31, 2020	Year ended December 31, 2019
Income			
Interest income		4,981	8,109
Fair value gain on financial assets carried at fair value through profit or loss		-	7,924
Gain on sale of financial assets		81,955	5,129
Other income		69,256	30,530
Sale of exploration permit		-	69,593
Total income		156,192	121,285
Expenses			
Accounting and audit		18,408	19,472
Business development		-	5,364
Depreciation		2,280	2,057
Directors' fees		75,874	56,178
Exploration expenditure as incurred		1,370,448	2,288,653
Termination agreement – Barrick	6	-	1,000,000
Finance charges		12,399	-
Foreign exchange (gain) / loss		(55,454)	9,300
Insurance		19,183	43,206
Marketing and investor relations		33,051	86,315
Office and general		133,336	146,656
Professional fees		59,380	66,825
Salaries		683,714	659,894
Stock–based compensation	7(d)	360,212	117,897
Travel		20,564	67,037
Total expenses		2,733,395	4,568,854
Loss before income tax		**(2,577,203)**	**(4,447,569)**
Income tax benefit		-	-
Loss for the period		**(2,577,203)**	**(4,447,569)**
Items that may be reclassified to the statement of loss			
Exchange differences on translation of foreign operations		93,399	201,668
Total comprehensive loss for the period		**(2,483,804)**	**(4,245,901)**
Basic and diluted loss per share	13	3.0 cents	5.8 cents
Weighted average number of shares Basic and diluted		84,729,905	76,123,145

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

Expressed in United States Dollars

	Note	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows used in operating activities			
Payments to suppliers and employees		(1,038,725)	(1,104,404)
Payments for exploration and evaluation		(1,373,802)	(1,647,434)
Interest received		4,981	8,109
Other income		68,282	-
Net cash used in operating activities	14	**(2,339,264)**	**(2,743,729)**
Cash flows used in investing activities			
Purchase of plant and equipment	4	(2,874)	(5,529)
Proceeds on sale of plant and equipment		1,604	30,530
Proceeds on sale of financial assets		159,473	233,760
Net cash generated by investing activities		**158,203**	**258,761**
Cash flows from financing activities			
Common shares and warrants issued for cash		1,547,800	4,356,269
Payment of share issue costs		(47,613)	(28,910)
Net cash generated by financing activities		**1,500,187**	**4,327,359**
Net increase/(decrease) in cash and cash equivalents		(680,874)	1,842,391
Net foreign exchange differences		72,883	(13,747)
Cash and cash equivalents at beginning of the year		2,227,604	398,960
Cash and cash equivalents at end of the year		**1,619,613**	**2,227,604**

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

Expressed in United States Dollars

	Number of common shares	Share capital (note 5)	Share based payments reserve	Foreign currency translation reserve	Deficit	Total
		$	$	$	$	$
Balance at January 1, 2019	**181,710,402**	**45,835,363**	**3,283,395**	**(295,067)**	**(46,473,155)**	**2,350,536**
Loss attributed to shareholders of the Company	-	-	-	-	(4,447,569)	(4,447,569)
Exchange differences on translation of foreign operations	-	-	-	201,668	-	201,668
Total comprehensive loss for the year	**-**	**-**	**-**	**201,668**	**(4,447,569)**	**(4,245,901)**
Transactions with owners in their capacity as owners:						
Issue of shares	68,949,585	4,356,269	-	-	-	4,356,269
Share issuance costs	-	(28,910)	-	-	-	(28,910)
Stock-based compensation - warrants (7(d)(ii))	-	-	258,119	-	-	258,119
Stock-based compensation - options (7(d)(i))	-	-	117,897	-	-	117,897
Balance at December 31, 2019	**250,659,987**	**50,162,722**	**3,659,411**	**(93,399)**	**(50,920,724)**	**2,808,010**
Loss attributed to shareholders of the Company	-	-	-	-	(2,577,203)	(2,577,203)
Exchange differences on translation of foreign operations	-	-	-	93,399	-	93,399
Total comprehensive loss for the year	**-**	**-**	**-**	**93,399**	**(2,577,203)**	**(2,483,804)**
Transactions with owners in their capacity as owners:						
Issue of shares (7(b))	19,639,782	1,600,385	-	-	-	1,600,385
Share issuance costs	-	(47,613)	-	-	-	(47,613)
Share consolidation (3 old for 1 new share) (7(b))	(180,199,875)	-	-	-	-	-
Stock-based compensation - options (7(d)(i))	-	-	360,212	-	-	360,212
Balance at December 31, 2020	**90,099,894**	**51,715,494**	**4,019,623**	**-**	**(53,497,927)**	**2,237,190**

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 consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these consolidated financial statements on March 30, 2021.

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, 2020, 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.

The consolidated financial statements for the year ended December 31, 2020, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company's interest in equity accounted investments.

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, 2020, the consolidated entity recorded a net loss of $2,577,203 and had a net cash outflow from operating and investing activities of $2,181,061. As at December 31, 2020, the consolidated entity had available cash of $1,619,613 and surplus of current assets over current liabilities of $1,678,471.

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.

The occurrence of the Coronavirus (COVID-19) pandemic has created significant uncertainty for all business sectors including the Company and in particular the short-term effects and actions that may need to be implemented either by the Company or that may be imposed on the Company by new regulations or measures taken by government. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will continue to adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

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 expenditures. 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. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to December 31, 2020

In the year ended December 31, 2020, the Directors have reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no material change is necessary to the consolidated entity's accounting policies.

b) Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the year ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

c) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at December 31, 2020 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.

d) 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.

e) 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. Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

iii. 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.

f) Exploration and Evaluation Assets

Mineral exploration and evaluation costs are expensed as incurred based upon each area of interest. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit or loss in the year in which the decision to abandon the tenement is made. Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

g) 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 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.

h) 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.

i) Stock-based Compensation

The fair value of share purchase options or warrants granted is determined by the Black-Scholes 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 or warrants that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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) 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 Other Comprehensive Loss using the Black-Scholes Model. Note 7 provides detailed information about the key assumptions used in the determination of the fair value of warrants.

Expressed in United States Dollars unless otherwise stated

3. CASH AND CASH EQUIVALENTS

	December 31, 2020 $	December 31, 2019 $
Cash at bank and in hand	822,870	25,382
Deposits at call	796,743	2,202,222
	1,619,613	**2,227,604**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made on a rolling overnight basis and earn interest at the respective short-term deposit rates.

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 9.

4. PLANT AND EQUIPMENT

December 31, 2020

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	24,933	-	26,635	51,568
Additions	-	-	2,874	2,874
Disposals - Cost	-	-	(1,673)	(1,673)
Disposals - Accum Depn	-	-	1,043	1,043
Depreciation	(6,727)	-	(14,414)	(21,141)
Closing net book value	**18,206**	**-**	**14,465**	**32,671**
Cost	241,783	158,306	284,334	684,423
Accumulated Depreciation	(223,577)	(158,306)	(269,869)	(651,752)
Closing net book value	**18,206**	**-**	**14,465**	**32,671**

December 31, 2019

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	28,962	1,035	43,863	73,860
Additions	5,209	-	320	5,529
Disposals - Cost	-	(30,948)	-	(30,948)
Disposals - Accum Depn	-	30,948	-	30,948
Depreciation	(9,238)	(1,035)	(17,548)	(27,821)
Closing net book value	**24,933**	**-**	**26,635**	**51,568**
Cost	241,783	158,306	283,133	683,222
Accumulated Depreciation	(216,850)	(158,306)	(256,498)	(631,654)
Closing net book value	**24,933**	**-**	**26,635**	**51,568**

Expressed in United States Dollars unless otherwise stated

5. INVESTMENT IN ASSOCIATE

The Company has determined that it has significant influence over Joint Venture BFI Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project ("the Project") in Burkina Faso, as it holds 18.55% (2019: 19.91%) of the voting power as well as holding 2 out of the 4 Board positions. The Company's interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below. The Company has not made any additional contributions during the year ended December 31, 2020.

Summarised statement of financial position of Joint Venture BF1 Inc.:

	December 31, 2020 **$**	**December 31, 2019** **$**
Current assets	326,271	224,238
Non-current assets	16,494,342	15,701,695
Current liabilities	-	(273,353)
Non-current liabilities	(4,572,978)	(4,787,912)
Equity	**12,247,635**	**10,864,668**
Reconciliation to carrying amount of investment		
Company's share of equity	2,271,936	2,163,155
Plus additional contributions	1,365,851	1,365,851
	3,637,787	3,529,006
Notional premium on acquisition by JV	(1,801,616)	(1,692,835)
Karankasso Project Joint Venture– at cost	**1,836,171**	**1,836,171**

The notional premium is due to the joint venture recording a higher value of the equity contributed by the Company upon transfer to the joint venture.

6. TERMINATION AGREEMENT – BARRICK

On May 14, 2019, the Company announced that it had executed a definitive agreement (the "Agreement") with Acacia Mining plc ("Acacia") that provides for the termination of the 2014 earn-in agreement between the two companies in respect of the South Houndé Project (or the "Project") in south-western Burkina Faso. The Agreement provides for Sarama to resume operatorship and regain a 100% interest in the Project.

On November 18, 2019, the Company announced that it had renegotiated certain terms of the Agreement resulting in an immediate return to 100% ownership of the Project and the reduction of the trailing reimbursement payment. The Company agreed to waive certain closing conditions and, in return, Barrick TZ Ltd ("Barrick"), formerly Acacia, agreed to amend and reduce the total trailing reimbursement from $2 million to $1 million, payable 12 months from the date of the amendment.

On June 24, 2020, the Company announced that Barrick agreed to defer the $1 million payable on November 18, 2020 to January 15, 2022 inclusive of interest at an annual rate of 10%. The total payable will be up to $1.12 million. Refer to Note 17 for further information.

Expressed in United States Dollars unless otherwise stated

7. SHARE CAPITAL

(a) Authorised Share Capital

At December 31, 2020, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

Details	**2020 Number of shares**	**2020 $**	**2019 Number of shares**	**2019 $**
Balance at January 1	250,659,987	50,162,722	181,710,402	45,835,363
Issue of shares under private placement (i)	18,852,936	1,500,187	68,949,585	4,327,359
Issue of shares in lieu of salary	786,846	52,585	-	-
Share Consolidation conversion adjustment (3 old for 1 new share) (ii)	(180,199,875)	-	-	-
Balance December 31 (net of cost)	**90,099,894**	**51,715,494**	**250,659,987**	**50,162,722**

(i) On August 4, 2020, the Company announced that it had raised gross proceeds of C$2,073,823 (US$ 1,547,800) from a private placement offering of 18,852,936 common shares at a price of C$0.11 per common share.

(ii) On October 7, 2020, Sarama implemented a consolidation of its issued and outstanding Shares on a 3 old for 1 new share basis (the "Share Consolidation"). No fractional shares were issued as a result of the Share Consolidation. The Consolidation was approved by the Board pursuant to the new Articles of the Company approved by shareholders at the Company's annual and special general meeting held on September 17, 2020.

(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 ten years. Options can be exercised at any time prior to their expiry date.
Details are as follows:

	Pre Share Consolidation		**Post Share Consolidation**		
Grant Date	**No.**	**Exercise Price**	**No.**	**Exercise Price**	**Expiry Date**
January 8, 2018 (fully vested)	7,390,000	C$0.11	2,463,333	C$0.33	January 8, 2021
January 18, 2019 (fully vested)	4,635,000	C$0.06	1,544,998	C$0.18	January 18, 2022
January 16, 2020 (fully vested)	11,340,000	C$0.07	3,779,999	C$0.21	January 16, 2023
June 24, 2020 (fully vested)	1,500,000	C$0.08	500,000	C$0.24	June 23, 2023
	24,865,000		**8,288,330**		

On January 16, 2020, the Company issued 11,340,000 options to directors, officers and employees of the company, exercisable at C$0.07 and expire 3 years after issue. Post Share Consolidation the options issued were converted to 3,779,999, exercisable at C$0.21.

On June 24, 2020, the Company issued 1,500,000 options to directors, officers and employees of the company, exercisable at C$0.08 and expire 3 years after issue. Post Share Consolidation the options issued were converted to 500,000, exercisable at C$0.21.

Expressed in United States Dollars unless otherwise stated

No options were exercised in the year ended December 31, 2020 (year ended December 31, 2019: Nil).

4,995,000 options expired in the year ended December 31, 2020 at a weighted average exercise price and life of C$0.20 and 3 years respectively (year ended December 31, 2019: 1,075,000 options expired at a weighted average exercise price and life of C$0.10 and 3 years respectively).

(d) Stock-Based Compensation

(i) Options

For the year ended December 31, 2020, the expense incurred relating to stock-based compensation on the grant of options was $360,212 (December 31, 2019: $117,897).
For the year ended December 31, 2020, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

	January 16, 2020	**June 24, 2020**
Total options granted (pre Share Consolidation)	11,340,000	1,500,000
Exercise price (pre Share Consolidation)	C$0.07	C$0.08
Total options granted (post Share Consolidation)	3,779,999	500,000
Exercise price (post Share Consolidation)	C$0.21	C$0.24
Estimated fair value of compensation recognised	$308,094	$52,118
Balance to be recognised over remaining vesting period	$nil	$nil
Estimated fair value per option (pre Share Consolidation)	$0.04	$0.05
Estimated fair value per option (post Share Consolidation)	$0.12	$0.15

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

	January 16, 2020	**June 24, 2020**
Share price of underlying security on date of grant	C$0.06	C$0.08
Risk-free interest rate	1.64%	0.32%
Expected dividend yield	0%	0%
Expected stock price volatility	93.1%	99.4%
Expected option life in years	3 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.

(ii) Warrants

The Company has issued warrants as part of its capital raising and exploration programs. The details of all warrants still on issue are detailed below.

Expressed in United States Dollars unless otherwise stated

Pre Share Consolidation

Warrant issue	Total Warrants Issued	Exercise Price (C$)	Estimated fair value of warrants (C$)	Estimated fair value per warrant (C$)	Expiry Date
Broker Warrants issued March 16, 2018	1,500,000	$0.14	91,669	$0.061	December 31, 2021
Acquisition Warrants issued May 23, 2019	2,500,000	$0.10	137,162	$0.074	May 23, 2024
Acquisition Warrants issued May 23, 2019	2,500,000	$0.20	120,957	$0.065	May 23, 2024
Total	**6,500,000**		**349,788**	**$0.067**	

Post Share Consolidation

Warrant issue	Total Warrants Issued	Exercise Price (C$)	Estimated fair value of warrants (C$)	Estimated fair value per warrant (C$)	Expiry Date
Broker Warrants issued March 16, 2018	500,000	$0.42	91,669	$0.183	December 31, 2021
Acquisition Warrants issued May 23, 2019	833,333	$0.30	137,162	$0.222	May 23, 2024
Acquisition Warrants issued May 23, 2019	833,333	$0.60	120,957	$0.175	May 23, 2024
Total	**2,166,666**		**349,788**	**$0.201**	

5,000,000 warrants were issued to Acacia on May 23, 2019 as part consideration of definitive agreement executed by the Company and Acacia on May 14, 2019, that provides for the termination of the 2014 earn-in agreement between the two companies in respect of the South Houndé Project. 2,500,000 warrants were issued at an exercise price of C$0.10 and 2,500,000 warrants were issued at an exercise price of C$0.20, expiring on May 23, 2024. Post Share Consolidation the warrants have been converted to 833,333 warrants at exercise price of C$0.30 and 833,333 warrants at exercise price of C$0.60, respectively.

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.

The fair value of the warrants recognised in the financial statements has been estimated using the Black-Scholes Option-Pricing Model at inception with the following assumptions:

Warrant issue	Price of Security on issue date	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Broker Warrants issued March 16, 2018	C$0.10	0.73%	0%	105%	12 months
Acquisition Warrants issued May 23, 2019	C$0.10	1.55%	0%	105%	41 months

Expressed in United States Dollars unless otherwise stated

8. INCOME TAXES

A reconciliation of the income tax at statutory rates is as follows:	**December 31, 2020 $**	**December 31, 2019 $**
Loss for the year before income tax	(2,577,203)	(4,447,569)
"Prima facie" income tax benefit at 27% (2019: 27%)	(695,845)	(1,200,844)
Tax effect of permanent differences:		
Stock – based payments	97,257	31,832
Foreign exchange (gains) / losses	(15,309)	2,947
Capital raising costs	(24,101)	(28,848)
Non-deductible exploration expenses	50,886	32,037
Adjustment in respect of global tax rate differences	(101)	(63)
Deferred tax assets not brought to account	587,213	1,162,939
Income tax benefit	-	-

Deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax liabilities:	-	-
Deferred tax assets		
Tax losses	4,287,439	3,870,041
Exploration expenditure	9,449,649	8,024,296
Capital raising costs expensed	-	-
	13,737,088	11,894,337
Deferred tax assets not recognised	(13,737,088)	(11,894,337)
Deferred tax assets recognised at December 31	-	-

Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Canada	4,136,024	3,740,356
Tax losses - Burkina Faso	151,415	129,685
Exploration expenditure	9,449,649	8,024,296
	13,737,088	11,894,337

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, 2020 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, 2020, the Company no longer held a financial asset recognised at fair value through its shareholding in Oklo Resources Limited as all shares were sold in the current year. The level 1 financial asset was recognised at fair value through the profit or loss and carried at fair value of $Nil (As at December 31, 2019: $77,517).

(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:

Expressed in United States Dollars unless otherwise stated

	As at December 31, 2020		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	1,179,044	918,672	-
Payables	126,228	17,539	-

	As at December 31, 2019		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	1,901,728	1,174,896	-
Payables	17,562	14,192	-
Equity investments designated at FVTPL	110,818	-	-

Sensitivity

Based on the financial instruments held as at December 31, 2020, had the US dollar weakened/strengthened by 10% against the AUD, CAD or Euro, 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, 2020		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(73,783)	(64,300)	-
USD Weakened by 10%	90,180	78,589	-

	As at December 31, 2019		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(126,863)	(80,764)	-
USD Weakened by 10%	155,055	98,711	-

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 Aa3, 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.

Expressed in United States Dollars unless otherwise stated

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.

10. 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 year ended December 31, 2020. 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.

11. 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 %**	
				2020	**2019**
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**
Vasto Mining 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	USD	**100**	**100**
Sarama Faso SARL	Burkina Faso	Ordinary	USD	**100**	**100**
SWA SARL	Burkina Faso	Ordinary	USD	**100**	**100**
Eburnean Resources Limited – Burkina SARL	Burkina Faso	Ordinary	USD	**100**	**100**
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	**100**	**100**

Expressed in United States Dollars unless otherwise stated

12. 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 one geographic area, being Burkina Faso.

As at and for the year ended December 31, 2020

	Burkina Faso	Other	Total
	$	$	$
Segment current assets	75,100	1,853,009	1,928,109
Segment non-current assets			
Plant and equipment	29,402	3,269	32,671
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,865,573	26,400	1,891,973
Segment total assets	**1,940,673**	**1,879,409**	**3,820,082**
Segment liabilities	**43,102**	**1,539,790**	**1,582,892**
Segment Loss			
Loss for the period from continuing operations	**1,370,448**	**1,206,755**	**2,577,203**

As at and for the year ended December 31, 2019

	Burkina Faso	Other	Total
	$	$	$
Segment current assets	45,259	2,324,009	2,369,268
Segment non-current assets			
Plant and equipment	47,980	3,588	51,568
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,884,151	26,719	1,910,870
Segment total assets	**1,929,410**	**2,350,728**	**4,280,138**
Segment liabilities	**152,034**	**1,320,094**	**1,472,128**
Segment Loss			
Loss for the period from continuing operations	**3,258,124**	**1,189,445**	**4,447,569**

Expressed in United States Dollars unless otherwise stated

13. BASIC AND DILUTED LOSS PER SHARE

	December 31, 2020	December 31, 2019
	Cents per share	Cents per share
Basic and diluted loss per share	3.0	5.8
	$	$
Net loss used in calculating basic/diluted loss per share	2,577,203	4,447,569
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	84,729,905	76,123,145

Diluted loss per share as at December 31, 2020 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

Prior year comparison has been restated due to the Share Consolidation in October 2020 (refer Note 7(b)).

14. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss after tax to net cash flows from operations

	December 31, 2020 $	December 31, 2019 $
Loss for the year	(2,577,203)	(4,447,569)
Depreciation	21,141	27,821
Fair value loss/(gain) on financial assets held for sale	-	(7,924)
Finance charges	12,399	-
Gain on disposal of assets	(974)	(69,593)
Gain on sale of financial assets	(81,955)	(5,128)
Gain on sale of plant and equipment	-	(30,530)
Issue of shares in lieu of salary	52,585	-
Stock–based compensation	360,212	117,897
Non cash exploration expenditure	93,400	459,789
Movements in provisions, salary benefits	127,468	146,357
Net exchange differences – (gain)/loss	(56,702)	10,916
Net cash outflows used in operating activities before change in working capital	(2,049,629)	(3,797,964)
Change in working capital	(289,635)	1,054,235
Net cash outflows used in operating activities	(2,339,264)	(2,743,729)

Expressed in United States Dollars unless otherwise stated

15. PREPAYMENTS

	December 31, 2020 $	December 31, 2019 $
Costs associated with proposed Initial Public Offering on Australian Stock Exchange	140,973	-
Insurance	63,150	-
Other	17,682	7,654
	221,805	7,654

16. RELATED PARTIES - KEY MANAGEMENT COMPENSATION

Year	Salary (2) $	Directors' Fees $	Stock-based compensation $	Pension value (1) $	All other compensation $	Total compensation $
2020	665,004	73,673	360,212	46,496	-	**1,145,385**
2019	656,104	56,178	117,897	48,804	-	**878,983**

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.

(2) The salaries of key management personnel are paid in Australian and Canadian dollars and are therefore subject to currency variation when converted to United States dollars.

There are no other related party transactions.

17. CONTINGENT LIABILITY: DEFINITIVE AGREEMENT WITH BARRICK TO REGAIN 100% OWNERSHIP OF SOUTH HOUNDE PROJECT

On May 14, 2019, the Company announced that it had executed a definitive agreement (the "Agreement") with Acacia Mining plc ("Acacia") that provides for the termination of the 2014 earn-in agreement between the two companies in respect of the South Houndé Project (or the "Project") in south-western Burkina Faso. The Agreement provides for Sarama to resume operatorship and regain a 100% interest in the Project.

On November 18, 2019, the Company announced that it had renegotiated certain terms of the Agreement resulting in an immediate return to 100% ownership of the Project and the reduction of the trailing reimbursement payment. The Company agreed to waive certain closing conditions and, in return, Barrick TZ Ltd ("Barrick"), formerly Acacia, agreed to amend and reduce the total trailing reimbursement from $2 million to $1 million, payable 12 months from the date of the amendment.

On June 24, 2020, the Company announced that Barrick agreed to defer the $1 million payable on November 18, 2020 to January 15, 2022 inclusive of interest at an annual rate of 10%. The total payable will be up to $1.12 million.

Other key commercial terms to this Agreement that are considered a contingent liability are that Sarama will grant Barrick the right to commercial production-based payments consisting of:

- US$1,000,000 on production of 10,000 oz gold;
- US$1,000,000 on production of a further 5,000 oz gold;
- royalty payments, capped at gold production of 1Moz Au, according to sliding-scale royalty rates of:
    - 1.0% for gold price ≤US$1300/oz;
    - 1.5% for gold prices >US$1300/oz and ≤US$1500/oz; and
    - 2.0% for gold prices >US$1500/oz;

As the Company cannot be certain whether it will enter into commercial production, the obligation to pay commercial production-based payments to Barrick is not recorded in the financial statements and is presented as a contingent liability.

18. SUBSEQUENT EVENTS

On January 15, 2021, the Company granted 3,158,336 options to directors, officers, employees and consultants of the Company. The option grant is the result of the Company's annual compensation review. This granting of options is made in accordance with the Company's stock option plan which was approved by shareholders on September 17, 2020 and allows for the issuance of a number of options up to 10% of its rolling issued and outstanding common shares. The options have an exercise price of C$0.35, will immediately vest and are exercisable for a period of 3 years from the date of the grant thereof.