Sarama Resources Ltd.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended June 30, 2020 (Unaudited)

(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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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed interim consolidated financial statements and all other financial information included in this report are the responsibility of management. The condensed interim 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 condensed interim 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 condensed interim 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.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instruments 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

(signed) "Andrew Dinning"
Director, President and CEO
August 26, 2020

(signed) "Lui Evangelista"
CFO
August 26, 2020

Expressed in United States Dollars

	Note	As at June 30, 2020 $	As at December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1,071,333	2,227,604
Security deposits		24,042	24,483
Other receivables		42,786	32,010
Prepayments		7,318	7,654
Financial assets	8	88,313	77,517
Total current assets		1,233,792	2,369,268
Non-current assets			
Plant and equipment	4	42,917	51,568
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		1,902,219	1,910,870
Total assets		3,136,011	4,280,138
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		130,040	278,741
Termination Agreement - Barrick	6	-	1,000,000
Total current liabilities		130,040	1,278,741
Non-current liabilities			
Provision for employee entitlements		198,323	193,387
Termination Agreement - Barrick	6	1,000,000	-
Total non-current liabilities		1,198,323	193,387
Total liabilities		1,328,363	1,472,128
Net Assets		1,807,648	2,808,010
EQUITY			
Share capital	7(b)	50,179,666	50,162,722
Share based payments reserve		4,019,624	3,659,411
Foreign currency translation reserve		(90,024)	(93,399)
Accumulated losses		(52,301,618)	(50,920,724)
Total equity		1,807,648	2,808,010

These financial statements are authorised for issue by the Board of Directors on August 26, 2020.

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.

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Loss and Other Comprehensive Loss (Unaudited)
Expressed in United States Dollars

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Income					
Interest income		1,044	929	4,133	1,400
Foreign exchange gain		71,549	14,564	-	20,412
Fair value gain on financial assets carried at fair value through profit or loss		32,947	-	55,723	-
Other income		44,338	-	49,529	5,128
Total income		149,878	15,493	109,385	26,940
Expenses					
Accounting and audit		3,883	4,922	8,345	10,044
Corporate development		-	2,376	-	5,359
Depreciation		584	510	1,111	1,037
Directors fees		8,422	13,756	21,177	28,721
Exploration expenditure as incurred	2(d)	173,039	2,831,377	629,034	3,074,300
Foreign exchange loss		-	-	66,109	-
Insurance		2,590	-	7,674	17,623
Marketing and investor relations		7,691	4,534	13,472	27,291
Office and general		16,975	29,922	58,011	73,306
Professional fees		11,490	13,383	18,041	33,649
Salaries		153,201	160,667	289,268	342,418
Stock–based compensation	7(d)	52,118	-	360,213	58,949
Travel		49	13,811	17,824	20,860
Total expenses		430,042	3,075,258	1,490,279	3,693,557
Profit / (Loss) before income tax		(280,164)	(3,059,765)	(1,380,894)	(3,666,617)
Income tax benefit		-	-	-	-
Profit / (Loss) for the period from continuing operations		**(280,164)**	**(3,059,765)**	**(1,380,894)**	**(3,666,617)**
Exchange differences on translation of foreign operations		3,375	-	3,375	-
Total comprehensive gain / (loss) for the period		**(276,789)**	**(3,059,765)**	**(1,377,519)**	**(3,666,617)**
Basic and diluted loss per share		cents	cents	cents	cents
- Continuing operations		(0.1)	(1.3)	(0.6)	(1.8)
Weighted average number of shares Basic and diluted		250,745,561	229,444,730	250,702,774	205,709,429

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

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Cash Flows (Unaudited)
Expressed in United States Dollars

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash flows used in operating activities					
Payments to suppliers and employees		(169,703)	(370,486)	(412,014)	(559,451)
Payments for exploration and evaluation		(199,890)	(391,867)	(767,326)	(587,985)
Interest received		1,044	929	4,133	1,400
Other income		31,757	-	31,757	-
Net cash used in operating activities	11	**(336,792)**	**(761,424)**	**(1,143,450)**	**(1,146,036)**
Cash flows used in investing activities					
Purchase of plant and equipment	4	(1,778)	(5,221)	(2,592)	(5,221)
Proceeds on sale of plant and equipment	4	1,604	-	1,604	-
Proceeds on sale of financial assets		50,365	20,255	61,725	223,760
Net cash generated in investing activities		**50,191**	**15,034**	**60,737**	**228,539**
Cash flows from financing activities					
Common shares and warrants issued for cash		-	4,356,269	-	4,356,269
Payment of share issue costs		-	(24,059)	-	(26,593)
Net cash generated by financing activities		**-**	**4,332,210**	**-**	**4,329,676**
Net increase in cash and cash equivalents		(286,601)	3,585,820	(1,082,713)	3,412,179
Net foreign exchange differences		97,776	(33,085)	(73,558)	33,644
Cash and cash equivalents at beginning of the period		1,260,158	225,878	2,227,604	398,960
Cash and cash equivalents at end of the period		**1,071,333**	**3,844,783**	**1,071,333**	**3,844,783**

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

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

	Number of common shares	Share capital (note 5) $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	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	-	-	-	-	(3,666,617)	(3,666,617)
Total comprehensive loss for the year	-	-	-	-	**(3,666,617)**	**(3,666,617)**
Transactions with owners in their capacity as owners:						
Proceeds from share issue	68,949,585	4,356,269	-	-	-	4,356,269
Share issuance costs	-	(26,593)	-	-	-	(26,593)
Stock-based compensation - warrants	-	-	258,119	-	-	258,119
Stock-based compensation - options	-	-	58,949	-	-	58,949
Balance at June 30, 2019	**250,569,987**	**50,165,039**	**3,600,463**	**(295,067)**	**(50,139,772)**	**3,330,663**
Balance at January 1, 2020	**250,569,987**	**50,162,722**	**3,659,411**	**(93,399)**	**(50,920,724)**	**2,808,010**
Loss attributed to shareholders of the Company	-	-	-	-	(1,380,894)	(1,380,894)
Exchange differences on translation of foreign operations	-	-	-	3,375	-	3,375
Total comprehensive loss for the period	-	-	-	**3,375**	**(1,380,894)**	**(1,377,519)**
Transactions with owners in their capacity as owners:						
Shares issued in lieu of salary	353,967	16,944	-	-	-	16,944
Stock-based compensation - options (7(d)(i))	-	-	360,213	-	-	360,213
Balance at June 30, 2020	**251,013,954**	**50,179,666**	**4,019,624**	**(90,024)**	**(52,301,618)**	**1,807,648**

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

The board of directors of the Company have approved these condensed interim consolidated financial statements on August 26, 2020.

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 June 30, 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 unaudited condensed interim consolidated financial statements for the three and six month period ended June 30, 2020, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company's interest in equity accounted investments.

Basis of Presentation

These condensed interim 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**").
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, 2019 except as described in Note 2.

The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

Going Concern

For the period ended June 30, 2020, the consolidated entity recorded a net loss of $1,380,894 and had a net cash outflow from operating and investing activities of $1,082,713. As at June 30, 2020, the consolidated entity had available cash of $1,071,333 and surplus of current assets over current liabilities of $1,103,752.

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 interim 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.

Expressed in United States Dollars unless otherwise stated

2. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to June 30, 2020

In the period ended June 30, 2020, there were no new and revised Standards and Interpretations issued by the IASB that are relevant to the Company and effective for the current annual reporting period.

b) Standards and Interpretations in issue not yet adopted

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

c) Basis of Consolidation

The condensed interim consolidated financial statements incorporate the assets and liabilities of the Company as at June 30, 2020 and the results of all subsidiaries for the three and six month period 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) 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.

3. CASH AND CASH EQUIVALENTS

	June 30, 2020	**December 31, 2019**
	$	**$**
Cash at bank and in hand	327,798	25,382
Deposits at Call	743,535	2,202,222
	1,071,333	**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 8.

Expressed in United States Dollars unless otherwise stated

4. PLANT AND EQUIPMENT

	June 30, 2020			
	Plant and Equipment $	**Motor Vehicles** $	**Office Equipment** $	**Total** $
Opening net book value	24,933	-	26,635	51,568
Additions	-	-	2,592	2,592
Disposals - Cost	-	-	(1,673)	(1,673)
Disposals - Accum Depn	-	-	1,044	1,043
Depreciation	(3,473)	-	(7,141)	(10,615)
Closing net book value	**21,460**	-	**21,457**	**42,917**
Cost	241,783	158,306	284,052	684,141
Accumulated Depreciation	(220,323)	(158,306)	(262,595)	(641,224)
Closing net book value	**21,460**	-	**21,457**	**42,917**

	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 a 19.02% (2019: 19.91%) interest in Joint Venture BF1 Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project in Burkina Faso. 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 condensed interim consolidated financial statements are set out below. The Company has not made any additional contributions during the period ended June 30, 2020.

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

	June 30, 2020 $	**December 31, 2019 $**
Current assets	92,006	224,238
Non-current assets	16,296,311	15,701,695
Current liabilities	(8,900)	(273,353)
Non-current liabilities	(4,150,347)	(4,787,912)
Equity	**12,229,070**	**10,864,668**
Reconciliation to carrying amount of investment		
Company's share of equity	2,325,969	2,163,155
Plus additional contributions	1,365,851	1,365,851
	3,691,820	3,529,006
Notional premium on acquisition by JV	(1,855,649)	(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 definitive agreement (the "Agreement") with Barrick TZ Ltd. ("Barrick"), formerly Acacia, originally executed on May 14, 2019, that provided 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 renegotiated terms resulted in an immediate return to 100% ownership of the Project and the reduction of the trailing reimbursement payment. The Company has agreed to waive certain closing conditions and, in return, Barrick, has agreed to amend and reduce the trailing reimbursement from $2 million to $1 million, which is now payable in 12 months from the date of this 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 12 for further information.

Expressed in United States Dollars unless otherwise stated

7. SHARE CAPITAL

(a) Authorised Share Capital

At June 30, 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	45,853,363
Issue of shares under private placement	-	-	68,949,585	4,329,676
Issue of shares in lieu of salary	353,967	16,954	-	-
Balance June 30 (net of cost)	**251,013,954**	**50,179,666**	**250,659,987**	**50,165,039**

(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:

Grant Date	No.	Exercise Price	Expiry Date
January 8, 2018 (fully vested)	7,390,000	C$0.11	January 8, 2021
January 18, 2019 (fully vested)	4,635,000	C$0.06	January 18, 2022
January 16, 2020 (fully vested)	11,340,000	C$0.07	January 16, 2023
June 24, 2020 (fully vested)	1,500,000	C$0.08	June 23, 2023
	24,865,000		

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.

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.

No options were exercised in the period ended June 30, 2020 (period ended June 30, 2019: Nil).

4,995,000 options expired in the period ended June 30, 2020 at a weighted average exercise price and life of C$0.20 and 3 years respectively (period ended June 30, 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 six month period ended June 30, 2020, the expense incurred relating to stock-based compensation on the grant of options was $360,213 (June 30, 2019: $58,949).
For the six month period ended June 30, 2020, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock based compensation as follows:

Expressed in United States Dollars unless otherwise stated

	January 16, 2020	**June 24, 2020**
Total options granted	11,340,000	1,500,000
Exercise price	C$0.07	C$0.08
Estimated fair value of compensation recognised	$308,095	$52,118
Balance to be recognised over remaining vesting period	$nil	$nil
Estimated fair value per option	$0.04	$0.05

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

	January 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.

Warrant issue	**Total Warrants Issued**	**Exercise Price (C$)**	**Estimated fair value of warrants**	**Estimated fair value per warrant**	**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**	

No warrants expired in the six month period ended June 30, 2020 (six month period ended June 30, 2019: 3,615,040)

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.

Expressed in United States Dollars unless otherwise stated

(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	**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%	18 months
Acquisition Warrants issued May 23, 2019	C$0.10	1.55%	0%	105%	47 months

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 June 30, 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 June 30, 2020, the Company has a financial asset recognised at fair value through its shareholding in Oklo Resources Limited. The level 1 financial asset is recognised at fair value through the profit or loss carried at fair value of $88,313 (Period ended June 30, 2019: $Nil).

(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.

Expressed in United States Dollars unless otherwise stated

9. 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 six month period ending June 30, 2020

	Burkina Faso $	Other $	Total $
Segment current assets	42,832	1,190,960	1,233,792
Segment non-current assets			
Plant and equipment	38,478	4,439	42,917
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,874,649	27,570	1,902,219
Segment total assets	**1,917,481**	**1,218,530**	**3,136,011**
Segment liabilities	**19,585**	**1,308,778**	**1,328,363**
Segment Loss			
Loss for the six month period from continuing operations	**629,034**	**751,860**	**1,380,894**

As at and for the six month period ending June 30, 2019

	Burkina Faso $	Other $	Total $
Segment current assets	77,504	3,825,180	3,902,684
Segment non-current assets			
Plant and equipment	57,777	4,608	62,385
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,893,948	27,739	1,921,687
Segment total assets	**1,971,452**	**3,852,919**	**5,824,371**
Segment liabilities	**203,599**	**2,290,109**	**2,493,708**
Segment Loss			
Loss for the six month period from continuing operations	**3,074,300**	**592,317**	**3,666,617**

Expressed in United States Dollars unless otherwise stated

10. BASIC AND DILUTED LOSS PER SHARE

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	Cents per share	**Cents per share**	**Cents per share**	**Cents per share**
Basic and diluted loss per share				
- Continuing operations	0.1	1.3	0.6	1.8
	$	$	$	$
Net loss used in calculating basic/diluted loss per share				
- Continuing operations	280,164	3,059,765	1,380,894	3,666,617
Weighted average number of shares on issue during the period used in the calculation of basic profit/(loss) per share	250,745,561	229,444,730	250,702,774	205,709,429

Diluted loss per share for the three and six month period ended June 30, 2020 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

11. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss after tax to net cash flows from operations

	Three months ended June 30, 2020 $	Three months ended June 30, 2019 $	Six months ended June 30, 2020 $	Six months ended June 30, 2019 $
Loss for the period	(280,164)	(3,059,765)	(1,380,894)	(3,666,617)
Depreciation	5,353	510	10,614	1,037
Fair value loss/(gain) on financial assets held for sale	(32,947)	-	(55,723)	-
Loss/(gain) on sale of financial assets	(11,607)	-	(16,798)	(5,128)
Loss/(gain) on sale of plant and equipment	(974)	-	(974)	
Stock–based compensation	52,117	-	360,212	58,949
Non cash exploration expenditure	3,375	2,495,165	3,375	2,501,404
Issue of shares in lieu of salary	16,944	-	16,944	-
Movements in provisions, salary benefits	33,389	64,081	4,936	64,081
Net exchange and translation differences – loss/(gain)	(73,261)	(14,564)	69,918	(20,412)
Net cash outflows used in operating activities before change in working capital	(287,775)	(514,573)	(988,390)	(1,066,686)
Change in working capital	(49,017)	(246,851)	(155,060)	(79,350)
Net cash outflows used in operating activities	(336,792)	(761,424)	(1,143,450)	(1,146,036)

12. 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 has agreed to waive certain closing conditions and, in return, Barrick TZ Ltd ("Barrick"), formerly Acacia, has agreed to amend and reduce the total trailing reimbursement from $2 million to $1 million, which is now payable in 12 months from the date of this amendment. This is recorded as a current liability within the Statement of Financial Position.

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 now be $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.

13. SUBSEQUENT EVENTS

On August 4, 2020 the Company announced that it had closed its partly brokered private placement for 18,852,936 Shares at a price of C$0.11 per Share raising aggregate gross proceeds of C$2,073,823. The proceeds from the Private Placement will be used to advance the Company's projects in Burkina Faso, including a mineral resource update on the South Houndé Project, high value oxide focused exploration drilling, general technical work to support framing up of development options and general corporate purposes.