

# **SARAMA RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**

**For the three months (third quarter) and nine months ended September 30, 2021**

**Dated: November 26, 2021**

**(All amounts expressed in United States dollars, unless otherwise stated)**

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## INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed interim consolidated financial statements of Sarama Resources Ltd. (the "Company" or "Sarama") and its subsidiaries for the three and nine month period ended September 30, 2021.

The condensed interim consolidated financial statements for the three and nine month period ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at November 26, 2021.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

## FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's planned exploration and development activities, costs and timing of future exploration, results of future exploration and drilling, timing and receipt of approvals, consents and permits under applicable legislation, and the adequacy of financial resources. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking information. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: our limited operating history, negative operating cash flow and need for additional financing; the early stage of our exploration and the fact that we have no mineral reserves; global economic conditions; our dependence on key management and qualified personnel; exploration, development and mining risks; title and property risks; risks related to the presence of artisanal miners; risks associated with operations in Africa; risks associated with pandemics and health, risks associated with maintaining a skilled workforce; risks relating to government regulations; environmental laws, regulations and risks; uncertainty regarding our ability to acquire necessary permits and comply with their terms; infrastructure risks; uninsurable risks; risks regarding our ability to enforce our legal rights; market factors and volatility of commodity prices; fluctuations in foreign exchange rates; competition; acquisition risks; conflicts of interest; price volatility in publicly traded securities; dilution; dividends and "passive foreign investment company" tax consequences to U.S. shareholders.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, our ability to meet our obligations under our property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on our mineral properties, the timely receipt of required approvals, the price of gold, the costs of operating and exploration expenditures, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. We cannot assure you that such information will prove to be accurate,

as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## OVERVIEW

Sarama is a Canadian-incorporated mineral exploration and development company whose principal business objective is to explore for and develop gold deposits in West Africa.

The Company was incorporated on April 8, 2010 under the Business Corporations Act (British Columbia). The Company's primary office is located in Perth, Western Australia. The Company's common shares are listed on the TSX Venture Exchange ("**TSXV**"). The Company's symbol is "SWA".

The Company has built and advanced substantial exploration landholdings in prospective and underexplored areas in south-west Burkina Faso, West Africa. The Company has significant interests in three projects located principally in the Houndé and Banfora Belts, which are considered highly prospective for gold and remain under-explored.

Sarama's 100%-owned<sup>(10)</sup> Sanutura Project is principally located within the prolific Houndé Greenstone Belt in south-west Burkina Faso and is the exploration and development focus of the Company. The project hosts the Tankoro and Bondi Deposits which have a combined mineral resource of 0.6Moz gold (indicated) and 2.3Moz gold (inferred)<sup>(1)</sup>.

Together, the deposits present a potential mine development opportunity featuring an initial, long-life CIL project which may be established and paid for by the significant oxide mineral resource base.

Sarama has built further optionality into its portfolio including a 600km<sup>2</sup> exploration position in the highly prospective Banfora Belt in south-western Burkina Faso. The Koumandara Project hosts several regional-scale structural features and trends of gold-in-soil anomalism extending for over 40km along strike.

Sarama also holds an approximate 18% participating interest in the Karankasso Project Joint Venture ("**JV**") which is situated adjacent to the Company's Sanutura Project in Burkina Faso and is a JV between Sarama and Endeavour Mining Corp ("**Endeavour**") in which Endeavour is the operator of the JV. In February 2020, an updated mineral resource estimate of 709koz gold<sup>(9)</sup> was declared for the Karankasso Project JV.

## CORPORATE

### Treasury

As at September 30, 2021, the Company had cash and cash equivalents of \$1,616,889.

### Second Listing on the Australian Stock Exchange

The Company is pursuing a second listing of its securities on the Australian Securities Exchange ("**ASX**") in addition to the continued listing of its common shares on the TSXV. Sarama has engaged leading resources-focussed broker, Euroz Hartleys Securities Limited, to act as Lead Manager for its Australian listing. The proposed ASX listing will comprise the issuance of Chess Depositary Instruments ("**CDI**") to participants in the ASX listing which will rank equally and trade on a 1:1 basis with the shares listed on the TSXV.

The Company's board of directors (the "**Board**") considers this a natural progression given location of the Board and management team, the availability of equity capital, and the market's support of Sarama's peers engaged in gold exploration and development in West Africa.

The Company has recommenced its ASX listing process following progress with the re-issue of key permits in Burkina Faso. The listing process is well advanced; filing paperwork is largely complete including advanced drafts of the Independent Technical Assessment Report, Investigating Accountant's Report, Solicitor's Report, and Prospectus. The Company anticipates being able to finalise the listing timetable when timing of the Tankoro exploration permit re-issue becomes clearer.

Proceeds raised pursuant to the ASX listing will be used, in part, to expedite an extensive drilling campaign planned to total approximately 50,000m. The planned drill programs aim to augment and upgrade the currently defined mineral resources with a focus on oxides and near surface material, to test a number of high priority targets that have the potential to significantly impact project growth, and to evaluate early-stage targets.

The Minister of Energy, Mines and Quarries has verbally advised management that all the Company's permits under application, including the Tankoro Property, are being processed and will be re-issued in due course however the Company is yet to receive written confirmation or timing in this regard. The permit re-issue process in Burkina Faso has taken longer than anticipated following the appointment of new government ministers and changes in key administrative personnel.

### **Private Placement**

On July 29, 2021 the Company announced that it had raised C\$2,042,678 and issued 9,727,037 units (the "Units") at a price of C\$0.21 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each full warrant, a "Warrant"), with each Warrant being exercisable to purchase one common share of the Company at an exercise price of C\$0.28 until July 28, 2024. The Company issued an aggregate of 9,727,037 common shares and 4,863,517 Warrants. The net proceeds from the Private Placement are intended to be used for working capital and for general corporate purposes.

### **Deferral of Trailing Reimbursement Payment to 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"), subsequently included in the Sanutura 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 September 24, 2020, the Company announced that Barrick TZ Ltd ("Barrick") agreed to defer the \$1 million trailing reimbursement payable on November 18, 2020 to January 15, 2022 inclusive of interest at an annual rate of 10%. On November 18, 2021 Barrick agreed to further defer the \$1 million payable by an additional year to January 15, 2023 ("Maturity date") inclusive of interest at an annual rate of 12.5% effective from November 18, 2021. The Company will be required to repay the liability, inclusive of accrued interest, if it completes any financing with gross proceeds of US\$ 3.5 million or greater prior to the maturity date.

## EXPLORATION AND EVALUATION EXPENDITURE

During the current quarter the Company incurred exploration expenditure of \$229,100.

The costs per active project area per each quarter for the current period ending September 30, 2021 and preceding four quarters is as follows;

	Three months ended <b>September 30, 2020</b>	Three months ended <b>December 31, 2020</b>	Three months ended <b>March 31, 2021</b>	Three months ended <b>June 30, 2021</b>	Three months ended <b>September 30, 2021</b>
Sanutura	224,536	312,534	207,231	172,046	196,526
Koumandara	49,206	58,414	35,403	27,184	27,417
Other – Burkina Faso **	2,297	4,408	2,250	-	5,157
Foreign Currency Translation	-	90,024	-	-	-
<b>Total</b>	<b>276,039</b>	<b>465,380</b>	<b>244,884</b>	<b>199,230</b>	<b>229,100</b>

\*\* “Other – Burkina Faso” comprises properties within the Boromo and Bingo Projects

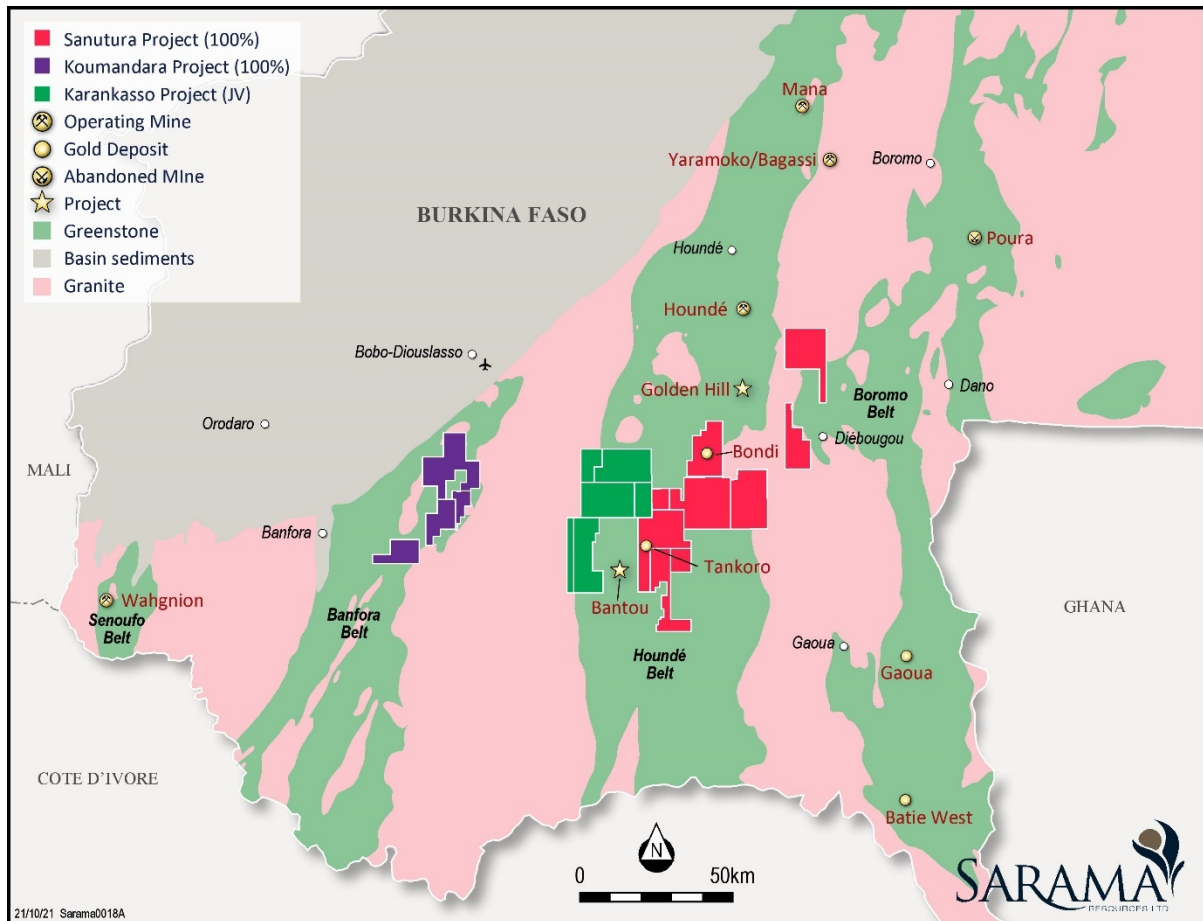
For the quarter ended September 30, 2021, the Company incurred exploration expenditure of \$229k. Expenditure incurred at the Sanutura Project was \$197k which included permit taxes and renewal fees (\$68k), plus allocation of administration, camp and technical support (\$129k). Costs at Koumandara project of \$27k which included permit taxes and renewal fees (\$3k), plus allocation of administration, camp and technical support (\$24k).

## PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

### Burkina Faso

The Company has interests, directly and indirectly, in mineral properties covering an area of approximately 3,000km<sup>2</sup> located principally within the southern Houndé and Banfora Greenstone Belts, in south-west Burkina Faso (refer Figure 1). The exploration activities are primarily focussed within 2 geographical areas:

- 1. The southern Houndé Belt project area hosting the**
  - a. Sanutura Project; and
  - b. Karankasso Project and;
- 2. The northern Banfora Belt project area hosting the**
  - a. Koumandara Project.

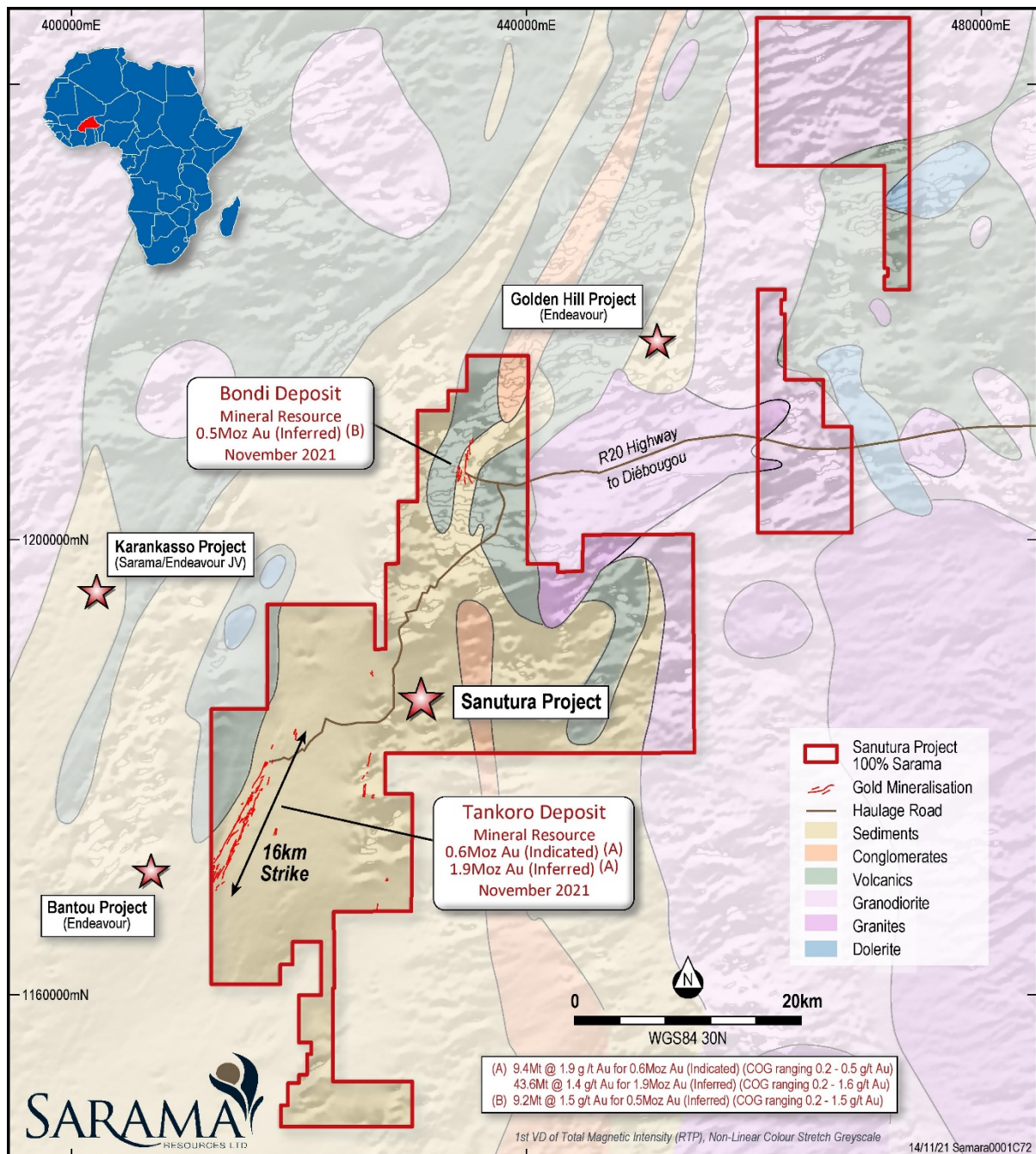


**Figure 1 – Location of Sarama's Projects in South-West Burkina Faso**

## **Sanutura Project**

### Property Information

The primary focus of the Company has been the advancement of its 100%-owned<sup>(10)</sup> Sanutura Project covering approximately 1,465km<sup>2</sup> (refer Figure 2) in south-west Burkina Faso. The project is an advanced-stage exploration project that hosts a significant, well-defined mineral resource base and a suite of exploration targets.



**Figure 2 Sanutura Project – Tankoro and Bondi Deposits within Sanutura Project**

The project is located in the southern Houndé Belt, which hosts Endeavour's Mana and Houndé Gold Mines and Fortuna Silver Mines Inc.'s Yaramoko Gold Mine and recent +1Moz Au discoveries including Endeavour's Golden Hill and Kari Pump deposits. More recent exploration by Endeavour has produced the Bantou Nord discovery approximately 5km west of the Tankoro Deposit at Sarama's Sanutura Project.

On November 16, 2021 the Company announced an updated mineral resource estimate for the **Sanutura Project**<sup>(1)</sup> of:

- **9.4Mt @ 1.9g/t Au for 0.6Moz gold** (indicated); and
- **52.7Mt @ 1.4g/t Au for 2.3Moz gold** (inferred).

This is comprised of mineral resources for the Tankoro Deposit of **9.4Mt @ 1.9g/t Au for 0.6Moz Au** (Indicated) and **43.6Mt @ 1.4g/t Au for 1.9Moz** (Inferred)<sup>(2)</sup> and the Bondi Deposit of **9.2Mt @ 1.5g/t Au for 0.5Moz** (Inferred)<sup>(3)</sup>.

The project's mineral resource contains a significant higher-grade component of **6.3Mt @ 2.5g/t Au for 0.5Moz gold** (indicated) plus **29.8Mt @ 1.9g/t Au for 1.8Moz gold** (inferred)<sup>(4)</sup> using a 1.0g/t Au cut-off. This highlights the presence of higher-grade zones within the greater mineralised system which will be the focal point for



development. Infill drilling in certain higher-grade areas provides considerable geological confidence, allowing for the classification of a significant part of the mineral resources as 'indicated'.

The combined oxide and transition component of the project's mineral resource totals **0.2Moz gold** (indicated) plus **0.8Moz gold** (inferred)<sup>(5)</sup>, representing approximately 33% of the total mineral resource. The Company's exploration focus going forward will be on this near-surface, oxide material which is anticipated to provide significant, early plant feed to support a potential staged development of the Project.

Exploration by the Company has identified a number of targets within the Sanutura Project which have the potential to make meaningful additions to the mineral resource base of the project, namely:

- a primary exploration target of **3.5-4.3Mt @ 1.2-1.4g/t Au** for **135-190koz Au**<sup>(6)</sup> for the Tankoro Deposit, consisting of modelled and estimated (but unclassified) mineralisation contained within open pit shell and underground blockouts which constrain the mineral resource;
- a primary exploration target of **2.5-3.1Mt @ 0.9-1.1g/t Au** for **70-100koz Au**<sup>(7)</sup> for the Bondi Deposit, consisting of modelled and estimated (but unclassified) mineralisation contained within open pit shell and underground blockouts which constrain the mineral resource;
- a secondary exploration target of **12.0-14.7Mt @ 1.2-1.4g/t Au** for **0.5-0.7Moz Au**<sup>(8)</sup> for the Tankoro Deposit, consisting of modelled and estimated mineralisation located outside of open pit shell and underground blockouts which constrain the mineral resource;
- the Zanawa Prospect, located approximately 4km north-east of the Bondi Deposit, which has returned **22m @ 3.85g/t Au** from 5m in DJR0029, **29m @ 1.44g/t Au** from 1m and **10m @ 1.24g/t Au** from 67m in DJR0030 and **5m @ 4.54g/t Au** from 15m in DJA0141;
- a large area of artisanal workings at the Bamako 2 Property, measuring approximately 3km-long x 2km-wide, where numerous, subparallel gold-bearing quartz veins, extending for over 3km in strike length have been exposed. Gold-in-soil surveys returned peak values of **13.6g/t Au** and drilling has returned a number of significant intercepts including **15m @ 6.17g/t Au** from 9m in FRC384, **8m @ 18.4g/t Au** from 42m in BAR004 and **18m @ 1.20g/t Au** from 44m in BAR003; and
- numerous extensional and additional targets throughout the project generated from soil geochemistry and geophysical surveys.

While the potential quantity and grade of these exploration targets is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource, they present viable exploration targets for the Company to pursue.

A NI 43-101 technical report, supporting the updated mineral resource, will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) by December 21, 2021. The most recent NI 43-101 technical report, titled "NI 43-101 Technical Report, Sanutura Project, South-West Burkina Faso" and dated October 20, 2020, is filed on SEDAR ([www.sedar.com](http://www.sedar.com)). There are no material differences in the technical information contained in the technical report compared to the disclosure in the September 8, 2020 news release regarding the previous estimate of mineral resources for the Sanutura Project.

#### Activities Completed in Q3 2021

- The Ministry of Energy, Mines and Quarries has processed the requisite documents to facilitate the grant of the new, full-term Djarkadougou 2 Exploration Permit (the "**Djarkadougou 2 Permit**") and subsequently issued the invitation to pay the permit issuance fee (the "**Fee**") and the Fee was paid by the Company within the requisite 10-day timeline. Following the payment of the Fee, the issuance of an Exploration Permit's *arrêté* and related paperwork becomes an administrative process and the *arrêté* is expected to be issued in due course. The Djarkadougou 2 Permit covers approximately the same surface area as the original Djarakdougou Exploration Permit.
- The the Ministry of Energy, Mines and Quarries issued a new, full-term Gbingue 2 Exploration Permit (the "**Gbingue 2 Permit**"). The Gbingue 2 Permit is effectively a re-issue of the previously expired Gbingue Exploration Permit and covers an area of approximately 28km<sup>2</sup>. The Permit is valid for an initial term of 3 years and is renewable for a further two 3-year terms, subject to satisfaction of routine conditions regarding execution of work programs and minimum expenditure thresholds.
- Cube Consulting Pty Ltd ("**Cube**"), engaged by the Company in Q2 2021, continued with geological modelling of the historical exploration data for the Bondi Deposit to support an updated estimate of mineral resources. The revised interpretation incorporated previously unmodelled exploration data

within the Djarkadougou 2 Property, both in the immediate vicinity of the historical mineral resource and in regional prospects. Cube also commenced first pass-estimation of the mineral resource following geostatistical data analysis.

- The Company commenced a subsequent phase of a QAQC review of historical drilling and assay information for the Bondi Deposit and the greater Djarkadougou Property. This work built upon the outcomes of the previous QAQC review with the objective of providing a high-quality drill database that has sufficient confidence to support an updated estimation of mineral resources on the Djarkadougou 2 Property.
- The Company continued to work on integration and review of recent and historical work on the project focussing on oxide and free-milling exploration targets in the main mineralised corridor and in certain regional areas. An exploration review was commenced to finalise drill programs ahead of the anticipated resumption of exploration at the Sanutura Project.
- Due to delays in the re-issue of key exploration permits and restrictions and risk mitigation measures in place due to the COVID-19 pandemic, limited fieldwork was undertaken during the quarter.
- The Company continued to engage with relevant and senior government authorities to expedite the re-issue of outstanding exploration permits, including that for the Tankoro Property. The Minister of Mines, Quarries and Energy has verbally advised Sarama management that the outstanding exploration permits will be re-issued in due course.

#### Subsequent Activity Post Q3 2021

- On November 16, 2021, the Company announced a significant increase in mineral resources for the Sanutura Project. This follows an updated interpretation and re-estimation of mineral resources at the Bondi Deposit, located to the north of the Project's main Tankoro Deposit. The updated mineral resource estimate at the Project now stands at: **9.4Mt @ 1.9g/t Au for 0.6Moz gold (Indicated); plus 52.7Mt @ 1.4g/t Au for 2.3Moz gold (Inferred)<sup>(1)</sup>.**

#### Outlook

The significant oxide and free-milling resource outlined in the November 2021 mineral resource estimate has the potential to support development of the Project and allow for the establishment of a CIL project with compelling economics based on oxide and free-milling feed alone. This in turn will allow the Company to leverage the significant resource base through a multi-stage, long life and higher output project.

Sarama will continue to investigate potential development options with historical evaluation work identifying a \$1,500/oz gold price as being a major inflection point for a material step change in the mineable resource.

The Company intends to undertake a resource development program aimed at increasing and firming up the oxide and free milling component of the mineral resource, initially targeting an inferred level classification. Additional drilling is anticipated to further increase the size and life of the first phase of the project prior to minor plant modifications to progress to stage two which will access a significant inventory of high-grade fresh material. Field activities will nominally include reconnaissance and mapping, AC and RC drilling and metallurgical testwork to better characterise transition zones to support feasibility work anticipated to commence in the latter part of 2022.

This exploration work is anticipated to recommence following the Company's planned ASX listing, the timing of which is dependent upon the government of Burkina Faso making acceptable progress with the re-issue of the exploration permit for the Tankoro Property.

The Company will continue to work with the relevant government authorities to expedite the re-issue of the exploration permit for the Tankoro Property, as well as other minor properties within the project area. Based on verbal advice from the Minister of Energy, Mines and Quarries, the Company anticipates outstanding permits will be re-issued however due to the number of companies waiting on the government to process and re-issue exploration permits, timing remains indeterminate.

Sarama has had multiple exploration permits re-issued, including the key Djarkadougou II exploration permit, however there is no assurance of the timing and prospects for the re-issuance of the outstanding exploration permits. As a matter of practice however, the application is typically granted providing work done by the holder is significant and the application is submitted in a timely manner, both of which Sarama is compliant.

The Company is taking reasonable steps to minimise in-country exposure of the COVID-19 pandemic to employees and local communities and will continue to monitor in-country conditions and make operating adjustments as required.

## **Koumandara Project**

### Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 600 km<sup>2</sup> in the Banfora Belt and lies approximately 80km west of the South Houndé Project. Historical work conducted by the Company has resulted in the identification of significant zones of gold-in-soil anomalism and encouraging scout drilling results which are aligned with regional structural features, illustrating the region's prospectivity.

### Activities Completed in Q3 2021

- The Company undertook field visits to meet with local stakeholders and complete further reconnaissance work. This work was integrated into ongoing exploration targeting which has generated a number of high-quality exploration targets.
- The Company continued to monitor the progress of the renewal and re-issue of exploration permits by the Government of Burkina Faso for several properties within the project.

### Outlook

The Company has developed high-quality drill targets on the Koumandara Project and has planned a 5,000m drill program to follow up high-grade scout drilling intercepts from previous programs. These programs will be progressed following the Company's ASX listing and re-issue of certain exploration permits for the project.

## **Karankasso Project**

### Property Information

The Karankasso Project ("**Karankasso**") is located approximately 400 kilometres southwest of Ouagadougou, in Burkina Faso. The project can be accessed by a paved highway with both rail and grid power coming within approximately 65 kilometres.

In September 2014 the Company completed joint venture ("**JV**") negotiations and executed a binding agreement with Savary Gold Corp. ("**Savary**") which resulted in the unified ownership of Sarama's Sérakoro 1 Property and several of Savary's contiguous exploration properties in the southern Houndé Belt. The resultant Karankasso JV was initially 65% owned by Savary and 35% owned by Sarama with Savary the operator as long as it controls a majority interest in the joint venture project.

On April 30, 2019, Semafo announced it had completed the acquisition of Savary, Sarama's joint venture partner in the Karankasso Project.

On February 24, 2020, Semafo announced an updated inferred mineral resource estimate<sup>(6)</sup> of 12.74Mt @ 1.73g/t Au for 709,000 oz of contained gold of which Sarama's equity interest is 129,000 oz gold.

As at June 30, 2021, the Company held an approximate 18% interest in the Karankasso JV and Endeavour is now the operator following the successful acquisition of Semafo which closed on July 1, 2020.

Exploration activities have been focussed on extending mineralised lodes as well as generating new exploration targets within the project area. This has involved additional drilling, soil geochemistry and geophysical surveys. Sarama considers the property to have potential to add satellite feed to a regional development scenario.

### Activities Completed in Q3 2021

- The operator continued with the systematic review of historical exploration data and have been re-logging drilling undertaken by the previous two operators and re-doing surface gold-in-soil sampling to bring the previous work up to an acceptable standard.

### Outlook

Endeavour plans to continue with its data integration, including results from recently completed soils and geophysical campaigns, and use the results of this work to improve understanding of the project geology and mineralisation to support future exploration campaigns. The Company anticipates minor drilling activity may recommence on this project in Q1 2022, subject to issuance of exploration permits of the Ministry of Energy, Mines and Quarries.

Sarama's ongoing investment in the project will be reviewed on a periodic basis and be subject to exploration and technical results.

## **SELECTED AUDITED FINANCIAL INFORMATION**

The following information has been extracted from the Company's condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for each of the quarters ended September 30.

Please refer to Results of Operations for analysis of Operations for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020.

	2021 \$	2020 \$	2019 \$
Interest income – year	806	4,651	1,390
Net loss – quarter	438,356	470,637	86,140
Net loss per share for the quarter - basic and diluted (cents)	(0.5)	(0.5)	0.0
Total assets	3,752,214	4,261,969	5,092,869
Total liabilities	1,911,475	1,387,990	1,619,433

## RESULTS OF OPERATIONS

### Quarters ended September 30, 2021 and 2020

	Q3 2021 \$	Q3 2020 \$	Variance \$
<b>Income</b>			
Interest income	401	518	(117)
Other income	-	27,294	(27,294)
	401	27,812	(27,411)
<b>Expenses</b>			
Accounting and audit	5,032	4,977	(55)
Directors' fees	25,931	26,656	725
Insurance	16,890	-	(16,890)
Finance charges	26,828	-	(26,828)
Marketing and investor relations	19,739	6,253	(13,486)
Office and general	38,224	33,327	(4,897)
Professional fees	8,841	17,153	8,312
Salaries	156,443	159,541	3,098
Travel	-	1,169	1,169
Foreign exchange (gain)/loss	26,930	(17,812)	(44,742)
Total general and administration	324,858	231,264	(93,594)
Exploration expenditure as incurred	229,106	276,034	46,928
Depreciation	584	585	1
Stock-based compensation	-	-	-
Fair value gain on warrants carried at fair value through profit or loss	(115,791)	-	115,791
Fair value gain on financial assets carried at fair value through profit or loss	-	(9,434)	(9,434)
<b>Net loss</b>	<b>438,356</b>	<b>470,637</b>	<b>32,281</b>

The Company reported a loss of \$438,356 (\$0.005 per share) for the quarter ended September 30, 2021 compared to a loss of \$470,637 (\$0.005 per share) for the quarter ended September 30, 2020 (positive variance \$32,281).

Exploration expenditure decreased for Q3 2021 by \$46k compared to Q3 2020 due to timing of payment of permit taxes which is dependent upon issue by the government of Burkina Faso. Other income in Q3 2021 was nil compared to \$27k in Q3 2020 which included Australian state government grant assistance due to the COVID-19 pandemic (negative variance \$27k). Finance charges of \$27k in the current quarter relate to accrual of interest relating to the trailing reimbursement of \$1 million payable to Barrick (refer news release June 24, 2020) (negative variance \$27k). Insurance expense was \$16k in Q3 2021 compared with nil in Q3 2020 (negative variance \$16K) due to an increase in the Directors and Officers liability insurance and adjustments in timing of insurance renewals. Marketing and investor relations expense increased from \$6k in Q3 2020 to \$19k in Q3 2021 (negative variance \$13k) due to increased marketing in preparation for the IPO. Foreign exchange loss for the current nine month period of \$27k compared to a foreign exchange gain in the nine month period to September 30, 2020 of \$18k (negative variance \$45k) represented revaluation of cash held in Australian and Canadian dollars against a strengthening US dollar in Q3 2021. Fair value gain on warrants in Q3 2021 of \$116k represented revaluation, at September 30, 2021, of shareholder warrants included in the private placement issued on July 28, 2021.

# **Nine Month Period ended September 30, 2021 and 2020**

	YTD 2021 \$	YTD 2020 \$	Variance \$
<b>Income</b>			
Interest income	806	4,651	(3,845)
Other income	-	60,025	(60,025)
	806	64,676	(63,870)
<b>Expenses</b>			
Accounting and audit	16,173	13,322	(2,851)
Directors' fees	80,396	47,833	(32,563)
Finance charges	78,208	-	(78,208)
Insurance	54,318	7,674	(46,644)
Marketing and investor relations	65,239	19,725	(45,514)
Office and general	111,935	91,339	(20,596)
Professional fees	20,473	35,194	14,721
Salaries	498,430	448,809	(49,621)
Travel	-	18,993	18,993
Foreign exchange (gain)/loss	14,427	48,297	33,870
Total general and administration	939,599	731,186	(208,413)
Exploration expenditure as incurred	673,214	905,068	231,854
Depreciation	1,753	1,696	(57)
Stock-based compensation	513,112	360,212	(152,899)
Fair value gain on warrants carried at fair value through profit or loss	(115,791)	-	115,791
Fair value gain on financial assets carried at fair value through profit or loss	-	(81,955)	(81,955)
<b>Net loss</b>	<b>2,011,081</b>	<b>1,851,531</b>	<b>(159,550)</b>

The Company reported a loss of \$2,011,081 (\$0.02 per share) for the nine month period ended September 30, 2021, compared to a loss of \$1,851,531 (\$0.02 per share) in the nine month period ended September 30, 2020 (negative variance \$160k).

Exploration expenditure was less in the current nine month period compared to the nine month period to September 2020 (positive variance \$232k) due to a backlog of permit taxes and renewal fees in the prior year. Other income was nil in the current nine month period compared to \$60k in the nine month period to September 2020 (negative variance \$60k) which represented Australian state government grant assistance due to the COVID-19 pandemic. Fair value gains from the sale of Oklo Resources shareholding were 82k in the nine month period to September 2020 compared to nil this year.

General and Administration costs were higher in the current nine month period compared to the nine month period to September 2020 due to increased insurance, marketing, finance costs and directors fees (negative variance \$208k). Insurance expense was \$54k in the current nine month period compared to \$7k in the nine month period to September 30, 2020 (negative variance \$44k), due to an increase in the Directors and Officers liability insurance and adjustments in timing of insurance renewals. Marketing and investor relations were \$65k in the current nine month period compared to \$20k in the nine month period to September 30, 2020 (negative variance \$45k) due to attendances at virtual conferences and promotional activities in anticipation of dual listing on the ASX. Finance charges of \$78k represent accrual of interest relating to the trailing reimbursement of \$1 million payable to Barrick (refer news release June 24, 2020). Foreign exchange loss for the current nine month period of \$14k compared to a foreign exchange loss in the nine month period to September 30, 2019 of \$48k (positive variance \$34k) represented revaluation of cash held in Australian and Canadian dollars against a weaker US dollar this year when compared to the prior year particularly in H1 2020 as a result of the COVID-19 pandemic. Salaries have increased this year solely due to a comparatively weaker USD when compared to the prior year as they are paid in AUD.

Stock-based compensation was greater in the current nine month period compared to the nine month period to September 30, 2020 (negative variance \$153k) due to an increase in the fair value per option as a result of an increase in volatility in Sarama's share price. Fair value gain on warrants in Q3 2021 of \$116k represented revaluation, at September 30, 2021, of shareholder warrants included in the private placement issued on July 28, 2021.

## SUMMARISED UNAUDITED QUARTERLY RESULTS

Summarised unaudited quarterly results for the past eight quarters are:

Quarter ended	Interest income (\$)	Net profit/(loss) for the period (\$)	Basic earnings/(loss) per share (cents)	Diluted earnings/(loss) per share (cents)
September 30, 2021	401	(483,356)	(0.5)	(0.5)
June 30, 2021	311	(479,474)	(0.5)	(0.5)
March 31, 2021	94	(1,093,251)	(1.2)	(1.2)
December 31, 2020	330	(725,672)	(0.8)	(0.8)
September 30, 2020	518	(470,637)	(0.6)	(0.6)
June 30, 2020	1,044	(280,164)	(0.3)	(0.3)
March 31, 2020	3,089	(1,100,730)	(1.3)	(1.3)
December 31, 2019	5,319	(867,096)	(0.9)	(0.9)

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"). For the quarters ending September 2020 and prior, the earnings per share have been restated for comparative purposes.



The primary driver for the variance in net profit and loss across multiple quarterly periods is due to the expensing of exploration expenditure programs.

Other components within the net profit/loss are general and administrative costs of running the Perth office, foreign exchange gains and losses, stock-based compensation costs and depreciation.

## LIQUIDITY AND CAPITAL RESOURCES

At this point in time, the Company does not generate cash from mining operations. In order to fund its exploration and administrative activities, the Company is dependent upon raising capital through the issue of shares and warrants. The Company continues to believe such financing will be available, as and when required and on acceptable terms but there is no guarantee that is the case.

As at September 30, 2021 the Company had working capital surplus of \$290,746 (December 31, 2020: \$1,678,471 surplus). Working capital is defined as current assets less current liabilities.

## COMMON SHARE DATA (as at November 26, 2021)

Common shares outstanding	99,826,931
Options issued to directors, executive officers, and a consultant	8,700,000
Warrants issued to shareholders and agents	7,030,183
Common shares outstanding assuming exercise of all options and warrants	115,557,114

## RISK AND UNCERTAINTIES

The Company's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to:

1. exploration and development risk;
2. market factors and volatility of commodity prices;
3. negative operating cash flow and the need for additional financing;
4. limited operating history;
5. global economic conditions;
6. price volatility in publicly traded securities;
7. title and property risks;
8. dependence on key management and qualified personnel;
9. risks associated with operations in Africa;
10. risks associated with maintaining a skilled workforce;
11. risks relating to government regulations;
12. environmental laws, regulations and risks;
13. uncertainty of acquiring necessary permits and compliance with terms;
14. infrastructure risks;
15. uninsurable risks;
16. enforcement of legal rights;
17. risks relating to the presence of artisanal miners;
18. fluctuations in foreign exchange rates;
19. competition;
20. acquisition risks;
21. conflicts of interest;
22. dilution;
23. dividends;
24. PFIC classification;
25. renewal and reissue of exploration permits
26. pandemic risks;
27. geopolitical and security risks

For a detailed explanation of each of these risks number 1 to 24, please refer to page 9 of the Company's Annual Information Form dated September 1, 2016. The Company's Annual Information Form is published at [www.sedar.com](http://www.sedar.com).

In December 2019, a novel strain of coronavirus ("COVID-19") emerged in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in Canada, Australia, Burkina Faso and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Given the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results; however, the impact could be material.

## **OFF-BALANCE SHEET TRANSACTIONS**

During the period ended September 30, 2021 and up to the date of this report, the Company had no off-balance sheet transactions.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), effective as of September 30, 2021. The Company's significant accounting policies are described in note 2 of the Company's consolidated financial statements for the years ended December 31, 2020 and 2019 and note 2 of the Company's condensed interim consolidated financial statements for the period ended September 30, 2021 and 2020.

## **CHANGES IN ACCOUNTING STANDARDS**

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the period ended September 30, 2021 and 2020, are consistent with those applied and disclosed in the Company's annual consolidated financial statements.

The Company has reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company and effective for the current reporting period. As a result of this review, the Company has determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

The Company has also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended September 30, 2021. As a result of this review the Company has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Footnotes

1. *Current mineral resource estimate for Sanutura Project - 9.4Mt @ 1.9g/t Au for 0.6Moz Au (Indicated) plus 52.7Mt @ 1.4g/t Au for 2.3Moz (Inferred), reported at cut-off grades ranging 0.2-1.6g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction. The effective date of the Company's mineral resource estimate is November 16, 2021.*
2. *Tankoro Deposit component of the current mineral resource - 9.4Mt @ 1.9g/t Au for 0.6Moz Au (indicated) plus 43.6Mt @ 1.4g/t Au for 1.9Moz (inferred), reported at cut-off grades ranging 0.2-1.6g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction.*
3. *Bondi Deposit component of the current mineral resource – 9.2Mt @ 1.5g/t Au for 0.5Moz Au (Inferred), reported at cut-off grades ranging 0.2-1.5g/t Au reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction.*
4. *Higher grade component of the current mineral resource - 6.3Mt @ 2.5g/t Au for 0.5Moz Au (Indicated) plus 29.8Mt @ 1.9g/t Au for 1.8Moz (Inferred) reported at a cut-off grade of 1.0g/t Au for all material types.*
5. *Oxide & transition component of the current mineral resource - 3.2Mt @ 1.6g/t Au for 0.2Moz Au (Indicated) plus 23.4Mt @ 1.1g/t Au for 0.8Moz Au (Inferred), reported above cut-off grades of 0.2g/t Au and 0.3g/t Au for oxide and transition material respectively.*
6. *Tankoro Deposit primary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 3.1Mt @ 1.1g/t Au for 113koz Au (open pit) and 0.8Mt @ 2.0g/t Au for 53koz Au (underground) reported at cut-off grades of 0.5g/t Au and 1.6g/t Au respectively. This material has low geological, spatial and estimate confidence and cannot be considered as a mineral resource but is contained within the open pit and underground mining shapes used to constrain the reported mineral resource.*
7. *Bondi Deposit primary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 2.8Mt @ 1.0g/t Au for 88koz Au (open pit) reported at cut-off grade of 0.3g/t Au. This material has low geological, spatial and estimate confidence and cannot be considered as a mineral resource but is contained within the open pit and underground mining shapes used to constrain the reported mineral resource.*
8. *Tankoro Deposit secondary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 13.4Mt @ 1.3g/t for 0.6Moz Au reported at a cut-off grade of 1.0g/t Au. This material encompasses all weathering types and all geological classifications and is located outside the constraining open pit shells and underground blockouts used to categorise the modelled mineralisation as having reasonable prospects for eventual economic extraction.*
9. *Karankasso Project current mineral resource estimate – the current mineral resource estimate for the Karankasso Project of 12.74Mt @ 1.73g/t Au for 709koz Au (effective date of December 31, 2019) was disclosed on February 24, 2020 by Semafo Inc ("Semafo", since acquired by Endeavour Mining Corp. "Endeavour"). For further information regarding that mineral resource estimate, refer to the news release "Semafo: Bantou Project Inferred Resources Increase to 2.2Moz" dated February 24, 2020 and Semafo: Bantou Project NI43-101 Technical Report – Mineral Resource Estimate" dated April 3, 2020. The news release and technical report are available under Semafo's and Endeavour's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The mineral resource estimate was fully prepared by, or under the supervision of Semafo. Sarama has not independently verified Semafo's mineral resource estimate and takes no responsibility for its accuracy. Semafo, and now Endeavour, is the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate. Additional technical work has been undertaken on the Karankasso Project since the effective date but Sarama is not in a position to quantify the impact of this additional work on the mineral resource estimate referred to above.*
10. *The Tankoro Exploration Permit, which hosts the Tankoro Deposit, is undergoing a process with the Government of Burkina Faso where it is required it be re-issued as a new full-term exploration permit and*

*the Company continues to work with the relevant government departments to progress the re-issue of the exploration permit. The Company remains optimistic of a satisfactory outcome, however timeframe for the permit re-issue is indeterminate. Sarama has previously had a number of exploration permits re-issued, however there is no assurance of the timing and prospects for the re-issuance of the exploration permit. As a matter of practice, the application for re-issue is typically granted providing work done by the holder is significant and the application is submitted in a timely manner, with both conditions being satisfied by Sarama.*

## **Qualified Persons' Statement**

Scientific or technical information in this disclosure that relates to the preparation of the mineral resource estimate for the Sanutura Project is based on information compiled or approved by Paul Schmiede. Paul Schmiede is an employee of Sarama Resources Ltd and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Paul Schmiede has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Paul Schmiede consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the metallurgical testwork at the Bondi Deposit is based on information compiled or approved by Paul Schmiede. Paul Schmiede is an employee of Sarama Resources Ltd and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Paul Schmiede has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Paul Schmiede consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to tank-based and oxidative metallurgical testwork and mineral processing is based on information compiled or approved by Fred Kock. Fred Kock is an employee of Orway Mineral Consultants Pty Ltd and is considered to be independent of Sarama Resources Ltd. Fred Kock is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Fred Kock consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to exploration activities at the Sanutura Project is based on information compiled or approved by Guy Scherrer. Guy Scherrer is an employee of Sarama Resources Ltd and is a member in good standing of the Ordre des Géologues du Québec and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Guy Scherrer consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the quotation of the Karankasso Project's mineral resource estimate and exploration activities is based on information compiled by Paul Schmiede. Paul Schmiede is an employee of Sarama Resources Ltd and is a Fellow in good standing of the Australasian Institute of Mining and Metallurgy. Paul Schmiede has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Paul Schmiede consents to the inclusion in this disclosure of the information, in the form and context in which it appears. Paul Schmiede and Sarama have not independently verified Semafo's (now Endeavour's) mineral resource estimate and take no responsibility for its accuracy.