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SARAMA RESOURCES CLOSSES C\$4 MILLION PRIVATE PLACEMENT

VANCOUVER, CANADA. Sarama Resources Limited (“Sarama” or the “Company”) is pleased to announce that it has closed its previously announced private placement offering of **40,000,000** common shares at a price of C\$0.10 per common share for aggregate gross proceeds to the Company of **C\$4,000,000** (the “Private Placement”).

All proceeds from the Private Placement shall be immediately available to the Company and used to meet working capital requirements of the Company and to accelerate exploration at its 100%-owned projects including the ThreeBee Project and the recently announced Koumandara Project.

The ThreeBee Project, hosts the Bondi Deposit which has a historical mineral resource⁽¹⁾ of 282,000oz Au measured and indicated; and 150,000oz Au inferred. Work will focus on extensional splay structures and more distal exploration at the Bondi Deposit with the aim of increasing the existing resource base and also following up on new targets generated through remodelling of the regional geology, as well as additional targeted soil surveys.

Exploration on the Koumandara Project will focus on a prospective 43km by 10km lithostructural corridor targeting gold systems similar to those found on the nearby Houndé Belt. Initial exploration activity will generate basic geological data layers including soil surveys and permit-scale mapping and prospecting to generate drill targets.

In connection with the Private Placement, the Company engaged (the “Engagement”) Arlington Group Asset Management Limited and Argonaut Securities Pty Limited (together, the “Agents”) and paid commission to the Agents equal to **C\$240,000**, representing 6% of the gross proceeds raised under the Offering and also issued an aggregate of 5,000,000 broker warrants (the “Broker Warrants”) to the Agents, each of which is exercisable to acquire one common share of the Company at a price of C\$0.14. The Broker Warrants consist of 1,500,000 Broker Warrants expiring on December 31, 2021; 1,500,000 Broker Warrants exercisable if Sarama completes a single equity offering within 12 months of the Engagement for aggregate gross proceeds of at least C\$5,000,000 and expiring December 31, 2021; and 2,000,000 Broker Warrants exercisable if Chess Depository Interests (“CDIs”) representing Sarama’s common shares are listed and begin trading on the Australian Stock Exchange within 12 months of the Engagement, and expiring December 31, 2021.

Insiders of the Company subscribed for an aggregate of **5,500,000** common shares in the Private Placement. A material change report is being filed in connection with the insider participation in the financing less than 21 days in advance of closing of the financing, as the Company did not have prior confirmation of such participation.

The Private Placement remains subject to the receipt of all applicable final regulatory approvals. The securities issued in connection with the Private Placement will be subject to a four-month hold period expiring July 16, 2018.

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ABOUT SARAMA RESOURCES LTD

Sarama Resources Ltd (TSX-V: SWA) is a West African focused gold explorer with substantial landholdings in Burkina Faso. Sarama is focused on consolidating under-explored landholdings in Burkina Faso and other established mining jurisdictions.

Sarama's flagship properties are situated within the Company's South Houndé Project area in south-west Burkina Faso. Located within the prolific Houndé Greenstone Belt, Sarama's exploration programs have built on significant early success to deliver an inferred mineral resource estimate of 2.1 Moz gold⁽¹⁾. Acacia Mining plc is earning up to a 70% interest in the South Houndé Project by satisfying certain conditions, including funding earn-in expenditures of up to US\$14 million, over a 4-year earn-in period and may acquire an additional 5% interest, for an aggregate 75% interest in the Project, upon declaration of a minimum mineral reserve of 1.6 million ounces of gold. Acacia has satisfied certain milestones and currently holds a 50% interest in the South Houndé Project and is continuing to sole fund exploration activities.

Sarama holds a 30% participating interest in the Karankasso Project Joint Venture ("JV") which is situated adjacent to the Company's South Houndé Project in Burkina Faso and is a JV between Sarama and Savary Gold Corp. ("Savary"). Savary is the operator of the JV and in October 2015, declared a maiden inferred mineral resource estimate of 671,000 ounces of contained gold⁽²⁾ at the Karankasso Project JV.

Sarama has also acquired a 100% interest in the Bondi Deposit from Orezone Gold Corporation (refer to news release dated May 24, 2016). Bondi has a historical estimate of mineral resources of 0.3Moz Au (measured and indicated) and 0.1Moz Au (inferred)⁽³⁾.

Together, the South Houndé Project, Bondi Deposit and the Karankasso Project form a cluster of advanced gold deposits, within trucking distance of one another, which potentially offers a development option for a multi-source fed central processing facility in the southern Houndé Belt region of Burkina Faso.

Sarama had recently established a new 600km² exploration position in the highly prospective Banfora Belt in southwestern Burkina Faso. The Koumandara Project hosts several regional-scale structural features and trends of gold-in-soil anomalism extending for over 40km along strike.

Incorporated in 2010, the Company's Board and management team have a proven track record in Africa and a strong history in the discovery and development of large-scale gold deposits. Sarama is well positioned to build on its current success with a sound exploration strategy across its property portfolio.

FOOTNOTES

1. *Bondi Deposit - 4.1Mt @ 2.1g/t Au for 282,000oz Au (measured and indicated) and 2.5Mt @ 1.8g/t Au for 149,700oz Au (inferred), reported at a 0.5 g/t Au cut-off.*
 - (i) *The historical estimate of the Bondi Deposit reflects a mineral resource estimate compiled by Orezone Gold Corporation ("Orezone") which has an effective date of February 20, 2009. The historical estimate is contained in a technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated date of February 20, 2009 (the "Bondi Technical Report") and is available under the profile of Orezone on SEDAR at www.sedar.com.*
 - (ii) *Sarama believes that the historical estimate is relevant to investors' understanding of the property, as it reflects the most recent technical work undertaken in respect of the Bondi Deposit.*
 - (iii) *The historical estimate was informed by 886 drillholes, assayed for gold by cyanidation methods, were used to interpret mineralised envelopes and geological zones over the area of the historical estimate. Gold grade interpolation was undertaken using ID² methodology based on input parameters derived from geostatistical and geological analyses assessments. Field measurements and geological logging of drillholes were used to determine weathering boundaries and bulk densities for modelled blocks.*
 - (iv) *The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
 - (v) *No more recent estimates of the mineral resource or other data are available.*
 - (vi) *Sarama is currently undertaking the necessary verification work in the field and on the desktop that may support the future reclassification of the historical estimate to a mineral resource.*
 - (vii) *A qualified person engaged by Sarama has not undertaken sufficient work to verify the historical estimate as a current mineral resource and Sarama is therefore not treating the historical estimate as a current mineral resource.*

2. South Houndé Project - 43.0Mt @ 1.5g/t Au (reported above cut-off grades ranging 0.3-2.2g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the inferred mineral resources having reasonable prospects for eventual economic extraction). The effective date of the Company's inferred mineral resource estimate is February 4, 2016. For further information regarding the mineral resource estimate please refer to the technical report titled "NI 43-101 Independent Technical Report South Houndé Project Update, Bougouriba and Ioba Provinces, Burkina Faso", dated March 31, 2016. The technical report is available under Sarama Resources Ltd.'s profile on SEDAR at www.sedar.com.
3. Karankasso Project - 9.2Mt @ 2.3g/t Au (at a 0.5g/t Au cut-off). The effective date of the Karankasso Project JV mineral resource estimate is October 7, 2015. For further information regarding the mineral resource estimate please refer to the technical report titled "Technical Report and Resource Estimate on the Karankasso Project, Burkina Faso", dated October 7, 2015. The technical report is available under Savary Gold Corp's profile on SEDAR at www.sedar.com. Sarama has not independently verified Savary's mineral resource estimate and takes no responsibility for its accuracy. Savary 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.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information in this disclosure that is not a statement of historical fact constitutes forward-looking information. Such forward-looking information includes statements regarding the Company's intended use of proceeds from the proposed Private Placement, plans for exploration at the Company's properties and the potential for those properties to host gold mineralization of significance, drilling and geochemical and geophysical surveys at the South Houndé Project, the Earn-In Agreement with Acacia, including the amounts that may be spent on exploration and interests in the South Houndé Project that may be earned by Acacia upon making certain expenditures and estimating a minimum reserve, the potential to expand the present oxide component of the Company's existing estimated mineral resources, and future exploration plans.

Actual results, performance or achievements of the Company may vary from the results suggested by such forward-looking statements due to known and unknown risks, uncertainties and other factors. Such factors include, among others, that the business of exploration for gold and other precious minerals involves a high degree of risk and is highly speculative in nature; Mineral Resources are not Mineral Reserves, they do not have demonstrated economic viability, and there is no certainty that they can be upgraded to Mineral Reserves through continued exploration; few properties that are explored are ultimately developed into producing mines; geological factors; the actual results of current and future exploration; changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. There can be no assurance that any mineralisation that is discovered will be proven to be economic, or that future required regulatory licensing or approvals will be obtained. However, the Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, Acacia's continued funding of exploration activities, the Company's ability to carry on its exploration activities, the sufficiency of funding, the timely receipt of required approvals, the price of gold and other precious metals, that the Company will not be affected by adverse political events, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain further financing as and when required and on reasonable terms. Readers should not place undue reliance on forward-looking information.

Sarama does not undertake to update any forward-looking information, except as required by applicable laws.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

QUALIFIED PERSONS' STATEMENT

Scientific or technical information in this disclosure that relates to the Company's exploration activities in Burkina Faso 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 preparation of the South Houndé Project mineral resource estimate is based on information compiled or approved by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama Resources Ltd. Adrian Shepherd is a Chartered Professional Member 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. Adrian Shepherd 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, in respect of the Bondi Deposit relating to mineral resource and exploration information drawn from the Technical Report prepared for Orezone on that deposit has been 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 preparation of the Karankasso Project's mineral resource estimate is based on information compiled or approved by Eugene Puritch and Antoine Yassa. Eugene Puritch and Antoine Yassa are employees of P&E Mining Consultants Inc. and are considered to be independent of Savary Gold Corp. and Sarama Resources Ltd. Antoine Yassa is a member in good standing of the Ordre des Géologues du Québec and Eugene Puritch is a member in good standing of Professional Engineers Ontario. Eugene Puritch and Antoine Yassa have sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which they are undertaking to qualify as a Qualified Person under National Instrument 43-101. Eugene Puritch and Antoine Yassa consent to the inclusion in this disclosure of the information, in the form and context in which it appears. Sarama has not independently verified the mineral resource estimate for the Karankasso Project using a Qualified Person because Savary 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 compiled by Savary.