

Sarama Resources Ltd.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021

(Expressed in United States Dollars)

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DIRECTORS

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

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Lui Evangelista

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sarama Resources Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Sarama Resources Limited ('the Company') which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial report of Sarama Resources Limited does not present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the period ended on that date, in accordance with International Financial Reporting Standards ('IFRS').

Basis for conclusion

We conducted our review in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report does not present fairly, in all material respects, the financial position

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of the Company as at 30 June 2021 and of its financial performance and its cash flows for the period ended on that data, in accordance with IFRS.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
9 December 2021



M R Ohm
Partner

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed 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.

(signed) "Andrew Dinning"
Director, President and CEO
December 9, 2021

(signed) "Lui Evangelista"
CFO
December 9, 2021

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Financial Position
Expressed in United States Dollars

	Note	As at June 30, 2021 \$	As at December 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	614,560	1,619,613
Security deposits		26,278	26,982
Other receivables		62,499	59,709
Prepayments		174,957	221,805
Total current assets		878,294	1,928,109
Non-current assets			
Plant and equipment	4	23,382	32,671
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		1,882,684	1,891,973
Total assets		2,760,978	3,820,082
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		183,740	249,638
Termination Agreement - Barrick	11	1,063,779	-
Total current liabilities		1,247,519	249,638
Non-current liabilities			
Provision for employee entitlements		335,882	320,855
Termination Agreement - Barrick	11	-	1,012,399
Total non-current liabilities		335,882	1,333,254
Total liabilities		1,583,401	1,582,892
EQUITY			
Share capital	6(b)	51,715,494	51,715,494
Share based payments reserve		4,532,735	4,019,623
Deficit		(55,070,652)	(53,497,927)
Total equity		1,177,577	2,237,190
Total liabilities and equity		2,760,978	3,820,082

These financial statements are authorised for issue by the Board of Directors on December 9, 2021.

They are signed on the Company's behalf by:

(Signed) "Andrew Dinning"

Andrew Dinning, Director

(Signed) "Simon Jackson"

Simon Jackson, Director

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

Sarama Resources Ltd
An Exploration Stage Company
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Expressed in United States Dollars

		Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Income	Note		
Interest income		405	4,133
Foreign exchange gain		12,503	-
Fair value gain on financial assets carried at fair value through profit or loss		-	55,723
Other income		-	49,529
Total income		12,908	109,385
Expenses			
Accounting and audit		11,141	8,345
Depreciation		1,169	1,111
Directors' fees		54,465	21,177
Exploration expenditure as incurred	2(d)	444,108	629,034
Finance charges		51,380	-
Foreign exchange loss		-	66,109
Insurance		37,428	7,674
Marketing and investor relations		45,500	13,472
Office and general		73,711	58,011
Professional fees		11,632	18,041
Salaries		341,987	289,268
Stock-based compensation	6(d)	513,112	360,213
Travel		-	17,824
Total expenses		1,585,633	1,490,279
Loss before income tax		(1,572,725)	(1,380,894)
Income tax benefit		-	-
Loss for the period from continuing operations		(1,572,725)	(1,380,894)
Other comprehensive income			
Exchange differences on translation of foreign operations		-	3,375
Total comprehensive loss for the period		(1,572,725)	(1,377,519)
Basic and diluted loss per share		cents	cents
- Continuing operations		(1.7)	(1.7)
Weighted average number of shares			
Basic and diluted		90,099,894	83,567,591

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

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

	Note	Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Cash flows used in operating activities			
Payments to suppliers and employees		(551,374)	(412,014)
Payments for exploration and evaluation		(460,137)	(767,326)
Interest received		-	4,133
Other income		405	31,757
Net cash used in operating activities	10	(1,011,106)	(1,143,450)
Cash flows used in investing activities			
Purchase of plant and equipment		-	(2,592)
Proceeds on sale of plant and equipment		-	1,604
Proceeds on sale of financial assets		-	61,725
Net cash generated by investing activities		-	60,737
Cash flows from financing activities			
Common shares and warrants issued for cash		-	-
Payment of share issue costs		-	-
Net cash generated by financing activities		-	-
Net decrease in cash and cash equivalents		(1,011,106)	(1,082,713)
Net foreign exchange differences		6,053	(73,558)
Cash and cash equivalents at beginning of the period		1,619,613	2,227,604
Cash and cash equivalents at end of the period		614,560	1,071,333

The accompanying notes are an integral part of these financial statements

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

	Number of common shares	Share capital (note 6)	Share based payments reserve	Foreign currency translation reserve	Deficit	Total
		\$	\$	\$	\$	\$
Balance at January 1, 2020	250,659,987	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 year	-	-	-	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	-	-	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
Balance at January 1, 2021	90,099,894	51,715,494	4,019,623	-	(53,497,927)	2,237,190
Loss attributed to shareholders of the Company	-	-	-	-	(1,572,725)	(1,572,725)
Total comprehensive loss for the period	-	-	-	-	(1,572,725)	(1,572,725)
Transactions with owners in their capacity as owners:						
Stock-based compensation - options (6(d)(i))	-	-	513,112	-	-	513,112
Balance at June 30, 2021	90,099,894	51,715,494	4,532,735	-	(55,070,652)	1,177,577

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

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Condensed Consolidated Financial Statements
Expressed in United States Dollars unless otherwise stated

1. NATURE OF OPERATIONS

Sarama Resources Ltd (the “**Company**”) was incorporated under the laws of the Province of British Columbia, Canada on April 8, 2010.

Statement of compliance

These condensed consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these condensed consolidated financial statements on December 9, 2021.

Business Activities

The consolidated entity, consisting of Sarama Resources Ltd. and its subsidiaries is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties. As at June 30, 2021, 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 condensed consolidated financial statements for the period ended June 30, 2021, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company’s interest in equity accounted investments.

Basis of Presentation

These condensed consolidated financial statements are general purpose financial statements which 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, 2020 except as described in Note 2.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

Going Concern

For the period ended June 30, 2021, the consolidated entity recorded a net loss of \$1,572,725 and had a net cash outflow from operating and investing activities of \$1,011,106. As at June 30, 2021, the consolidated entity had available cash of \$614,560 and deficit of current assets over current liabilities of \$369,225.

The Directors have assessed the need to acquire additional funding to continue to operate as a going concern for the foreseeable future. The Directors believe such funding will be obtained and therefore consider it appropriate to prepare the financial report on a going concern basis, which assumes the realisation of the consolidated entity’s assets and the discharge of its liabilities in the normal course of business and at the amounts stated in the condensed consolidated financial statements. On July 29, 2021 the Company raised gross proceeds of \$1,625,563 (C\$2,042,678) from a private placement (refer Note 12).

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

threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to June 30, 2021

In the period ended June 30, 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no material change is necessary to the consolidated entity's accounting policies.

b) Standards and Interpretations in issue not yet effective

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet effective for the period ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

c) Basis of Consolidation

The condensed consolidated financial statements incorporate the assets and liabilities of the Company as at June 30, 2021 and the results of all subsidiaries for the 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.

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Condensed Consolidated Financial Statements
Expressed in United States Dollars unless otherwise stated

3. CASH AND CASH EQUIVALENTS

	June 30, 2021 \$	December 31, 2020 \$
Cash at bank and in hand	276,056	822,870
Deposits at Call	338,504	796,743
	614,560	1,619,613

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.

4. PLANT AND EQUIPMENT

	June 30, 2021			
	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Opening net book value	18,206	-	14,465	32,671
Additions	-	-	-	-
Depreciation	(3,290)	-	(5,999)	(9,289)
Closing net book value	14,916	-	8,466	23,382
Cost	241,783	158,306	284,334	684,423
Accumulated Depreciation	(226,867)	(158,306)	(275,868)	(661,041)
Closing net book value	14,916	-	8,466	23,382

	December 31, 2020			
	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Opening net book value	24,933	-	26,635	51,568
Additions	-	-	2,874	2,874
Disposals - Cost	-	-	(1,673)	(1,673)
Disposals - Accum Depn	-	-	1,043	1,043
Depreciation	(6,727)	-	(14,414)	(21,141)
Closing net book value	18,206	-	14,465	32,671
Cost	241,783	158,306	284,334	684,423
Accumulated Depreciation	(223,577)	(158,306)	(269,869)	(651,752)
Closing net book value	18,206	-	14,465	32,671

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Condensed Consolidated Financial Statements
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5. INVESTMENT IN ASSOCIATE

The Company has determined that it has significant influence over Joint Venture BFI Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project (“the Project”) in Burkina Faso, as it holds 18.13% as at June 30, 2021 (December 31, 2020: 18.55%) of the voting power as well as holding 2 out of the 4 Board positions. The Company’s interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below. The Company has not made any additional contributions during the six month period ended June 30, 2021.

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

	June 30, 2021 \$	December 31, 2020 \$
Current assets	647,470	326,271
Non-current assets	17,061,982	16,494,342
Current liabilities	(496,245)	-
Non-current liabilities	(4,955,398)	(4,572,978)
Equity	12,257,809	12,247,635
Reconciliation to carrying amount of investment		
Company’s share of equity	2,222,341	2,271,936
Plus additional contributions	1,365,851	1,365,851
	3,588,192	3,637,787
Notional premium on acquisition by JV	(1,752,021)	(1,801,616)
Karankasso Project Joint Venture– at cost	1,836,171	1,836,171

6. SHARE CAPITAL

(a) Authorised Share Capital

At June 30, 2021, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

	2021 Number of shares	2021 \$	2020 Number of shares	2020 \$
Balance at January 1	90,099,894	51,715,494	250,659,987	50,162,722
Issue of shares in lieu of salary	-	-	353,967	16,944
Balance June 30 (net of cost)	90,099,894	51,715,494	251,013,954	50,179,666
Issue of shares in lieu of salary	-	-	432,879	35,641
Issue of shares under private placement	-	-	18,852,936	1,547,800
Share issuance costs	-	-	-	(47,613)
Share consolidation (3 old for 1 new share)	-	-	(180,199,875)	-
Balance December 31(net of cost)			90,099,894	51,715,494

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Condensed Consolidated Financial Statements
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(i) *Share Consolidation:*

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

(c) *Company Stock Option Plan*

The Company has a stock option plan (the “**Plan**”) that provides for the issuance of up to 10% of the issued and outstanding shares of the Company. The Board of Directors is authorised to set the exercise price, expiry date, and vesting provisions for each grant, subject to the policies of the TSX Venture Exchange. The plan provides for a maximum grant period of ten years. Options can be exercised at any time prior to their expiry date.

Details are as follows:

Grant Date	Pre Share Consolidation		Post Share Consolidation		Expiry Date
	No.	Exercise Price	No.	Exercise Price	
January 18, 2019 (fully vested)	4,325,000	C\$0.06	1,441,665	C\$0.18	January 18, 2022
January 16, 2020 (fully vested)	10,800,000	C\$0.07	3,599,999	C\$0.21	January 16, 2023
June 24, 2020 (fully vested)	1,500,000	C\$0.08	500,000	C\$0.24	June 23, 2023
January 15, 2021 (fully vested)			3,158,336	C\$0.35	January 15, 2024
			8,700,000		

On January 15, 2021, the Company issued 3,158,336 options to directors, officers and employees of the company, exercisable at C\$0.35 and expire 3 years after issue.

No options were exercised in the period ended June 30, 2021 (period ended June 30, 2020: Nil).

2,746,666 options expired in the six month period ended June 30, 2021 at a weighted average exercise price and life of C\$0.32 and 2.5 years respectively (six month period ended June 30, 2020: 1,665,000 options expired at a weighted average exercise price and life of C\$0.60 and 3 years respectively).

Sarama Resources Ltd
An Exploration Stage Company
Notes to the Condensed Consolidated Financial Statements
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(d) *Stock-Based Compensation*

(i) *Options*

For the six month period ended June 30, 2021, the expense incurred relating to stock-based compensation on the grant of options was \$513,112 (June 30, 2020: \$360,213).

For the six month period ended June 30, 2021, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

	January 14, 2021
Total options granted	3,158,336
Exercise price	C\$0.35
Estimated fair value of compensation recognised	\$513,112
Balance to be recognised over remaining vesting period	\$nil
Estimated fair value per option	\$0.21

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 14, 2021
Share price of underlying security on date of grant	C\$0.31
Risk-free interest rate	0.21%
Expected dividend yield	0%
Expected stock price volatility	113.5%
Expected option life in years	3 years

The share price volatility is based on historical data and reflects the assumption that historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be indicative of exercise patterns that may occur.

(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.

Pre Share Consolidation

Warrant issue	Total Warrants Issued	Exercise Price (C\$)	Estimated fair value of warrants (C\$)	Estimated fair value per warrant (C\$)	Expiry Date
Broker Warrants issued March 16, 2018	1,500,000	\$0.14	91,669	\$0.061	December 31, 2021
Acquisition Warrants issued May 23, 2019	2,500,000	\$0.10	183,912	\$0.074	May 23, 2024
Acquisition Warrants issued May 23, 2019	2,500,000	\$0.20	162,184	\$0.065	May 23, 2024
Total	6,500,000		437,765	\$0.067	

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Post Share Consolidation

Warrant issue	Total Warrants Issued	Exercise Price (C\$)	Estimated fair value of warrants (C\$)	Estimated fair value per warrant (C\$)	Expiry Date
Broker Warrants issued March 16, 2018	500,000	\$0.42	91,669	\$0.183	December 31, 2021
Acquisition Warrants issued May 23, 2019	833,333	\$0.30	183,912	\$0.221	May 23, 2024
Acquisition Warrants issued May 23, 2019	833,333	\$0.60	162,184	\$0.195	May 23, 2024
Total	2,166,666		437,765	\$0.202	

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

The fair value of broker and acquisition warrants are recognised within share-based payments reserve, within the equity section of the financial statements, in accordance with IFRS 2.

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

Warrant issue	Price of Security on issue date	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Broker Warrants issued March 16, 2018	C\$0.10	0.73%	0%	105%	6 months
Acquisition Warrants issued May 23, 2019	C\$0.10	1.55%	0%	105%	35 months

No warrants expired in the period ended June 30, 2021 (period ended June 30, 2020: Nil)

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.

7. 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, 2021 according to the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
- (ii) 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
- (iii) 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).

(b) Financial Instrument Risk Exposure

Foreign currency risk

The Company has international operations in Burkina Faso 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 Financière 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.

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8. SEGMENT REPORTING

The Company considers 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 ended June 30, 2021

	Burkina Faso	Other	Total
	\$	\$	\$
Segment current assets	80,556	797,738	878,294
Segment non-current assets			
Plant and equipment	21,281	2,101	23,382
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,857,452	25,232	1,882,684
Segment total assets	1,938,008	822,970	2,760,978
Segment liabilities	25,950	1,557,451	1,583,401
Segment Loss			
Loss for the period from continuing operations	444,108	1,128,617	1,572,725

As at and for the six month period ended 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 period from continuing operations	629,034	751,860	1,380,894

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9. BASIC AND DILUTED LOSS PER SHARE

	Six months ended June 30, 2021	Six months ended June 30, 2020
	Cents per share	Cents per share
Basic and diluted loss per share		
- Continuing operations	1.7	1.7
	\$	\$
Net loss used in calculating basic/diluted loss per share		
- Continuing operations	1,572,725	1,380,894
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	90,099,894	83,567,591

Diluted loss per share at June 30, 2021 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

Prior year comparison has been restated due to the Share Consolidation in October 2020 (refer Note 6(b)).

10. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss after tax to net cash flows from operations

	Six months ended June 30, 2021	Six months ended June 30, 2020
	\$	\$
Loss for the period	(1,572,725)	(1,380,894)
Depreciation	9,289	10,614
Fair value gain on financial assets held for sale	-	(55,723)
Finance charges	51,380	-
Gain on sale of financial assets	-	(16,798)
Gain on sale of plant and equipment	-	(974)
Stock-based compensation	513,112	360,212
Non cash exploration expenditure	-	3,375
Issue of shares in lieu of salary	-	16,944
Movements in provisions, salary benefits	15,027	4,936
Net exchange and translation differences – loss/(gain)	(14,158)	69,918
Net cash outflows used in operating activities before change in working capital	(998,075)	(988,390)
Change in working capital	(13,031)	(155,060)
Net cash used in operating activities	(1,011,106)	(1,143,450)

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

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

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

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

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:

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

12. SUBSEQUENT EVENTS

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.