Sarama Resources Ltd

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023
(Unaudited)

(Expressed in United States Dollars)

DIRECTORS

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

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TSX.V CODE : SWA

ASX CODE : SRR

WEBSITE

www.saramaresources.com

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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

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

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(signed) "Andrew Dinning"
Director, President and CEO
August 10, 2023

(signed) "Lui Evangelista"
CFO
August 10, 2023

Expressed in United States Dollars

	Note	As at June 30, 2023 $	As at December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	3	853,128	843,085
Security deposits		23,235	23,857
Other receivables		41,520	23,381
Prepayments		41,922	82,580
Total current assets		959,805	972,903
Non-current assets			
Other receivables		144,533	130,342
Plant and equipment	4	74,002	90,042
Investment in associate	5	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		2,077,837	2,079,686
Total assets		3,037,642	3,052,589
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	714,354	651,374
Financial liabilities		168,275	41,417
Total current liabilities		882,629	692,791
Non-current liabilities			
Provision for employee entitlements		11,332	14,193
Total non-current liabilities		11,332	14,193
Total liabilities		893,961	706,984
EQUITY			
Share capital	6(b)	58,656,884	57,693,133
Share-based payments reserve	6(d)	5,160,207	4,960,313
Accumulated losses		(61,673,410)	(60,307,841)
Total equity		2,143,681	2,345,605
Total liabilities and equity		3,037,642	3,052,589

These financial statements are authorised for issue by the Board of Directors on August 10, 2023.

They are signed on the Company's behalf by:

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

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

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

Expressed in United States Dollars

		Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Income					
Interest income		6,979	2,373	11,007	2,404
Fair value gain on warrants carried at fair value through profit or loss		130,661	198,690	142,349	72,189
Total income		137,640	201,063	153,356	74,593
Expenses					
Accounting and audit		8,910	5,313	14,268	10,599
Depreciation		1,245	1,008	2,557	1,529
Directors' fees		24,722	25,850	49,868	53,378
Exploration expenditure as incurred	2(f)	382,948	1,334,319	604,076	1,573,998
Finance charges		-	13,724	-	49,829
Foreign exchange loss		20,584	260,354	16,985	270,322
Insurance		11,752	17,129	23,505	33,705
Marketing and investor relations		45,394	81,884	91,092	127,437
Office and general		43,355	37,261	119,661	101,640
Professional fees		30,106	3,879	53,590	14,310
Salaries		129,417	154,494	291,132	306,447
Stock–based compensation	6(d)	199,894	-	199,894	188,063
Travel		36,467	27,137	52,297	27,137
Total expenses		934,794	1,962,352	1,518,925	2,758,394
Loss before income tax		(797,154)	(1,761,289)	(1,365,569)	(2,683,801)
Income tax benefit		-	-	-	-
Loss for the period from continuing operations		**(797,154)**	**(1,761,289)**	**(1,365,569)**	**(2,683,801)**
Exchange differences on translation of foreign operations		-	-	-	-
Total comprehensive loss for the period		**(797,154)**	**(1,761,289)**	**(1,365,569)**	**(2,683,801)**
Basic and diluted loss per share		cents	cents	cents	cents
- Continuing operations		(0.5)	(1.4)	(0.9)	(2.3)
Weighted average number of shares Basic and diluted		150,527,889	129,130,960	144,259,851	114,559,896

The ac0companying notes are an integral part of these financial statements.

Expressed in United States Dollars

	Note	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Cash flows used in operating activities					
Payments to suppliers and employees		(259,477)	(335,486)	(650,026)	(716,355)
Payments for exploration and evaluation		(366,366)	(576,011)	(559,369)	(760,841)
Payment to Barrick – Termination Agreement		-	(1,190,012)	-	(1,190,012)
Interest received		6,979	2,373	11,007	2,404
Net cash used in operating activities	12	**(618,864)**	**(2,099,136)**	**(1,198,388)**	**(2,666,804)**
Cash flows used in investing activities					
Purchase of plant and equipment	4	(1,206)	(76,371)	(1,206)	(88,333)
Net cash generated in investing activities		**(1,206)**	**(76,371)**	**(1,206)**	**(88,333)**
Cash flows from financing activities					
Common shares and warrants issued for cash		1,344,248	5,835,600	1,344,248	5,835,600
Payment of share issue costs		(111,289)	(616,629)	(111,289)	(616,629)
Net cash generated by financing activities		**1,232,959**	**5,218,971**	**1,232,959**	**5,218,971**
Net increase in cash and cash equivalents		612,889	3,043,464	33,365	2,465,834
Net foreign exchange differences		(19,246)	(306,420)	(23,322)	(302,903)
Cash and cash equivalents at beginning of the period		259,485	459,232	843,085	1,033,345
Cash and cash equivalents at end of the period		**853,128**	**3,196,276**	**853,128**	**3,196,276**

Supplemental cash flow information is provided in Note 11

Expressed in United States Dollars

	Number of common shares	Share capital (note 6)	Share based payments reserve	Deficit	Total
		$	$	$	$
Balance at January 1, 2022	**99,826,931**	**52,817,012**	**4,532,735**	**(56,105,546)**	**1,244,201**
Loss attributed to shareholders of the Company	-	-	-	(4,202,295)	(4,202,295)
Total comprehensive loss for the year	-	-	-	**(4,202,295)**	**(4,202,295)**
Transactions with owners in their capacity as owners:					
Issue of shares	38,095,238	5,835,600	-	-	5,835,600
Fair value of broker warrants (6(b))	-	-	239,515	-	239,515
Share issuance costs (6(b))	-	(959,479)	-	-	(959,479)
Stock-based compensation - options (6(d)(i))	-	-	188,063	-	188,063
Balance at December 31, 2022	**137,922,169**	**57,693,133**	**4,960,313**	**(60,307,841)**	**2,345,605**
Loss attributed to shareholders of the Company	-	-	-	(1,365,569)	(1,365,569)
Total comprehensive loss for the year	-	-	-	**(1,365,569)**	**(1,365,569)**
Transactions with owners in their capacity as owners:					
Issue of shares	20,000,000	1,344,248	-	-	1,344,248
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(269,208)	-	-	(269,208)
Share issuance costs	-	(111,289)	-	-	(111,289)
Stock-based compensation - options (6(d)(i))	-		199,894	-	199,894
Balance at June 30, 2023	**157,922,169**	**58,656,884**	**5,160,207**	**(61,673,410)**	**2,143,681**

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

1. NATURE OF OPERATIONS

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

Statement of compliance

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

The board of directors of the Company have approved these condensed interim consolidated financial statements on August 11, 2023.

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, 2023, 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 interim consolidated financial statements for the period ended June 30, 2023, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company's interest in equity accounted investments.

Basis of Presentation

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim consolidated financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*", and have been prepared following the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2022 except as described in Note 2.

The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the period ended June 30, 2023, the consolidated entity recorded a net loss of $1,365,569 and had a net cash outflow from operating and investing activities of $1,199,594. As at June 30, 2023, the consolidated entity had available cash of $853,128 and a surplus of current assets over current liabilities of $77,176.

During the three months ended June 30, 2023 the Company completed an equity placement of A$2.0 million (the "Placement"). On April 13, 2023, the Company closed Tranche 1 of the Placement raising proceeds of A$1,375,000. Tranche 2 of the Placement of A$625,000 was closed in June 2023, upon receipt of shareholder approval at the Annual General Meeting on June 7, 2023, as required by the ASX Listing Rules.

Accordingly, the Directors believe that the going concern basis of preparation of the financial report remains appropriate after taking into account the above successful capital raising and the Group's forecast cash flows for the relevant period.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to June 30, 2023

In the period ended June 30, 2023, the Directors have reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the consolidated entity and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the consolidated entity and, therefore, no material change is necessary to the consolidated entity's accounting policies.

b) Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended June 30, 2023. 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 interim consolidated financial statements incorporate the assets and liabilities of the Company as at June 30, 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

d) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The condensed interim consolidated financial statements are presented in United States dollars ("**USD**"), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Monetary assets and liabilities of the Company are translated into USD at the exchange rate in effect on the statement of financial position date while non-monetary assets and liabilities, revenues and expenses are translated using exchange rates in effect at the time of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented separately in profit or loss for the financial year.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair-value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Functional Currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of comprehensive income (loss) are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

e) Financial Instruments

Cash and cash equivalents are classified as current assets and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places the majority of its cash holdings with an Australian financial institution which has a high credit rating.

Non-derivative financial assets and liabilities

The Company has the following non-derivative financial assets and liabilities:

i. Receivables
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

iii. Amounts payable and other accrued liabilities
Such financial liabilities are recognised initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method if significant.

f) Exploration and Evaluation Assets

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

g) Stock-based Compensation

The fair value of share purchase options or warrants granted is determined by the Black-Scholes option pricing model using estimates for the volatility of the trading price of the Company’s stock, the expected lives of share purchase options awarded, the fair value of the Company’s shares and the risk-free interest rate.

For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date on which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of share purchase options is charged to expense over the vesting period, with offsetting amounts to equity. If the share purchase options are granted for past services, they are expensed immediately. If the share purchase options are forfeited prior to vesting, no amounts are charged to expense. If share purchase options are exercised, then the fair value of the options is re-classed from stock-based compensation reserve to share capital.

At each reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share purchase options or warrants that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

h) Basic and Diluted Earnings per Share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the result attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share does not adjust the profit attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

i) Share Warrants

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company’s functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value through profit or loss in accordance with the requirements of IAS 32 Financial Instruments: Presentation. The financial liability will be accounted for at fair value through profit or loss until such time that the warrants are exercised or lapse, at which point the liability will be transferred to equity.

j) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

k) Critical Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

(i) Measurement of warrants and stock options

The Company determines the fair value of both warrants and options classified as liabilities at fair value through profit or loss using the Black-Scholes Model. Note 6 provides detailed information about the key assumptions used in the determination of the fair value of warrants.

Expressed in United States Dollars unless otherwise stated

3. CASH AND CASH EQUIVALENTS

	June 30, 2023 $	December 31, 2022 $
Cash at bank and in hand	84,211	57,889
Deposits at call	768,917	785,196
	853,128	**843,085**

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 7.

4. PLANT AND EQUIPMENT

June 30, 2023

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	17,023	46,295	26,724	90,042
Additions	738	-	468	1,206
Depreciation	(2,716)	(9,758)	(4,772)	(17,246)
Closing net book value	**15,045**	**36,537**	**22,420**	**74,002**
Cost	253,768	215,347	317,107	786,222
Accumulated Depreciation	(238,723)	(178,810)	(294,687)	(712,220)
Closing net book value	**15,045**	**36,537**	**22,420**	**74,002**

December 31, 2022

	Plant and Equipment $	Motor Vehicles $	Office Equipment $	Total $
Opening net book value	11,947	-	6,339	18,286
Additions	11,247	57,041	29,560	97,848
Depreciation	(6,171)	(10,746)	(9,175)	(26,092)
Closing net book value	**17,023**	**46,295**	**26,724**	**90,042**
Cost	253,030	215,347	316,639	785,016
Accumulated Depreciation	(236,007)	(169,052)	(289,915)	(694,974)
Closing net book value	**17,023**	**46,295**	**26,724**	**90,042**

Expressed in United States Dollars unless otherwise stated

5. INVESTMENT IN ASSOCIATE

The Company has determined that it has significant influence over Joint Venture BFI Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project ("the Project") in Burkina Faso, as it holds 17.54% (December 31, 2022: 17.58%) 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 condensed interim consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and reconciliation with the carrying amount of the investment in the condensed interim consolidated financial statements are set out below. The Company has not made any additional contributions during the period ended June 30, 2023.

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

	June 30, 2023	**December 31, 2022**
	$	**$**
Current assets	349,524	352,053
Non-current assets	17,459,633	17,409,166
Current liabilities	(44,658)	(30,738)
Non-current liabilities	(5,532,043)	(5,498,025)
Equity	**12,232,456**	**12,232,456**
Reconciliation to carrying amount of investment		
Company's share of equity	2,145,573	2,150,466
Plus additional contributions	1,365,851	1,365,851
	3,511,424	3,516,317
Notional premium on acquisition by JV	(1,675,253)	(1,680,146)
Karankasso Project Joint Venture– at cost	**1,836,171**	**1,836,171**

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

6. SHARE CAPITAL

(a) Authorised Share Capital

At June 30, 2023, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

Details	**2023 Number of shares**	**2023 $**	**2022 Number of shares**	**2022 $**
Balance at January 1	137,922,169	57,693,133	99,826,931	52,817,012
Issue of shares under private placement (i)	20,000,000	1,344,248		
Share issuance costs	-	(111,289)		
Fair value warrants issued	-	(269,208)		
Balance June 30 (net of cost)	**157,922,169**	**58,656,884**	**99,826,931**	**52,817,012**
Issue of shares under private placement (ii)			38,095,238	5,835,600
Share issuance costs			-	(959,479)
Balance December 31 (net of cost)			**137,922,169**	**57,693,133**

Expressed in United States Dollars unless otherwise stated

(i) *Private Placement – Advancement of Development Studies*
On April 3, 2023, the Company announced that it had received binding commitments to undertake a A$2.0 million equity placement (the "**Placement**") to advance development studies for its Sanutura Project. The Placement comprised the issue of 20,000,000 Chess Depository Instruments ("**CDIs**") at an issue price of A$0.10 per CDI. Underlying each CDI was a newly issued common share of the Company and each CDI therefore represented a beneficial interest in 1 common share of the Company. Sarama issued 1 free attaching unlisted option ("**Placement Option**") for every 2 new CDIs issued pursuant to the Placement. Each Placement Option is exercisable at A$0.15 and will expire 3 years from the date of issue. The Placement was completed in two tranches; Tranche 1 was completed on April 13, 2023 consisting of 13.75 million CDIs (and 6.875 million attaching Placement Options). Funds received from the Tranche 1 placement was A$1.375 million. Tranche 2 was completed in two parts, on June 14, 2023 and June 21, 2023, consisting of 6.25 million CDIs (and 3.125 million attaching Placement Options). Funds received from the Tranche 2 placement was A$625,000.

(ii) *Private Placement – Dual Listing on Australian Securities Exchange ("ASX")*
On April 22, 2022 the Company announced that it had raised A$8,000,000 and issued 38,095,238 CHESS Depositary Interests ("CDIs") over common shares in the capital of the Company at an issue price of A$0.21 per CDI, in relation to its dual listing on the ASX. Underlying each CDI is a newly issued common share of the Company and each CDI therefore represents a beneficial interest in 1 common share of the Company. The Lead Manager for the ASX listing process, Euroz Hartleys Limited, received 2,500,000 Broker warrants at an exercise price of A$0.273 each and expiring three years from the date of issue. It also received a capital raising fee of 6% of total gross funds raised, excluding any funds subscribed for under an agreed Chairman's list, at a management fee of 2%, and a separate management fee of A$75,000. The Company commenced trading on the ASX on May 2, 2022.

(c) *Company Stock Option Plan*

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

Grant Date	**No.**	**Exercise Price**	**Expiry Date**
January 14, 2021 (fully vested)	3,158,336	C$0.35	January 14, 2024
January 19, 2022 (fully vested)	2,721,665	C$0.20	January 19, 2025
April 20, 2026 (fully vested)	6,809,999	A$0.16	April 20, 2026
	12,690,000		

On April 20, 2023, the Company issued 6,809,999 options to directors, officers and employees of the company, vesting immediately and exercisable at A$0.16 and expiring 3 years after issue.

No options were exercised in the period ended June 30, 2023 (period ended June 30, 2022: Nil).

4,279,999 options expired in the period ended June 30, 2023 at a weighted average exercise price and life of C$0.21 and 3 years respectively (period ended June 30, 2022: 1,441,665 options expired at a weighted average exercise price and life of C$0.18 and 3 years respectively).

(d) *Stock-Based Compensation*

(i) *Options*
For the period ended June 30, 2023, the expense incurred relating to stock-based compensation on the grant of options was $199,894 (June 30, 2022: $188,063).
For the period ended June 30, 2023, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock-based compensation as follows:

Expressed in United States Dollars unless otherwise stated

	April 20, 2023
Total options granted	6,809,999
Exercise price	A$0.16
Estimated fair value of compensation recognised	$199,894
Balance to be recognised over remaining vesting period	$nil
Estimated fair value per option	$0.04

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:

	April 20, 2023
Share price of underlying security on date of grant	C$0.11
Risk-free interest rate	3.66%
Expected dividend yield	0%
Expected stock price volatility	65.0%
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.

(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.

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**
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	**5,000,000**		**346,096**	**$0.069**	

Expressed in United States Dollars unless otherwise stated

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
Acquisition Warrants issued May 23, 2019	833,333	$0.30	183,912	$0.222	May 23, 2024
Acquisition Warrants issued May 23, 2019	833,333	$0.60	162,184	$0.195	May 23, 2024
Broker Warrants issued April 22, 2022	2,500,000	$A0.273	303,345	$0.121	April 22, 2025
Sub Total	**4,166,666**		**649,441**	**$0.156**	
Shareholder Warrants issued					
July 28, 2021	4,863,517	$0.28	561,822	$0.115	July 28, 2024
April 13, 2023	6,875,000	A$0.15	299,111	$0.043	April 13, 2026
June 14, 2023	1,312,180	A$0.15	28,157	$0.021	June 14, 2026
June 21, 2023	1,812,820	A$0.15	32,509	$0.018	June 21, 2026
Total	**19,030,183**		**1,571,040**	**$0.082**	

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.

2,500,000 broker warrants were issued on April 22, 2022, to the Lead Manager of the ASX listing process, Euroz Hartleys Limited, at an exercise price of A$0.273 each and expire on April 22, 2025.

4,863,517 shareholder warrants were issued on July 28, 2021, in relation to a private placement conducted by the Company. The warrants are exercisable at C$0.28 and expire on July 28,2024.

6,875,000 shareholder warrants were issued on April 13, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A$0.15 and expire on April 13, 2026.

1,312,180 shareholder warrants were issued on June 14, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A$0.15 and expire on June 14, 2026.

1,812,820 shareholder warrants were issued on June 21, 2023, in relation to a private placement conducted by the Company. The warrants are exercisable at A$0.15 and expire on June 21, 2026.

The fair value of the acquisition warrants are recognised within the share-based payments reserve, within the equity section of the financial statements, in accordance with IFRS 2.
The fair value of shareholder warrants are recognised as a financial liability in the financial statements in accordance with IAS 32.

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**
Acquisition Warrants issued May 23, 2019	C$0.10	1.55%	0%	105%	11 months
Shareholder Warrants issued July 28, 2021	C$0.28	0.55%	0%	105%	13 months
Broker Warrants issued April 22, 2022	C$0.18	2.70%	0%	76%	22 months
Shareholder Warrants issued April 13,2023	C$0.11	3.59%	0%	64%	34 months
Shareholder Warrants issued June 14, 2023	C$0.07	4.15%	0%	61%	36 months
Shareholder Warrants issued June 21, 2023	C$0.09	4.22%	0%	62%	36 months

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, 2023 according to the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities (level 1),
(b) quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability (level 2), and
(c) prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity) (level 3).

(b) Financial Instrument Risk Exposure

Foreign currency risk

The Company has international operations in West Africa, namely Burkina Faso, Mali and Liberia and an administrative office in Western Australia. The multiple locations expose the Company to foreign exchange risk as detailed below:

- Canadian dollar (CAD) – primary source of Company funding and its corporate and regulatory costs.
- Australian dollar (AUD) – administrative costs in Western Australia.
- Euro and Communauté Financiére Africaine Francs (CFA) – funding of African operations.

Management's policy is to actively manage foreign exchange risk. Management mitigates foreign exchange risk by continuously monitoring forecasts and spot prices of foreign currency and holding foreign currency based on expected future expenditure commitments.
The carrying amounts of the Company's financial assets and liabilities are denominated in USD, except as set out below:

Expressed in United States Dollars unless otherwise stated

	As at June 30, 2023		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	1,169,807	11,019	62,609
Payables	96,105	62,844	29,984

	As at December 31, 2022		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
Cash and cash equivalents	1,182,363	16,690	21,018
Payables	69,844	19,801	31,106

Sensitivity

Based on the financial instruments held as at June 30, 2023, had the US dollar weakened/strengthened by 10% against the AUD, CAD or Euro, with all other variables held constant, the Company's losses/gains for the year would have been mainly as a result of foreign exchange gains/losses in translation of foreign denominated currencies. The following table summarises the sensitivity of the Company's cash and cash equivalents to changes in foreign exchange rates.

The Company's exposure to other foreign exchange movements is not material.

	As at June 30, 2023		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(64,800)	3,556	(3,228)
USD Weakened by 10%	79,200	(4,346)	3,946

	As at December 31, 2022		
	AUD	**CAD**	**Euro**
	$	**$**	**€**
USD Strengthened by 10%	(68,940)	209	981
USD Weakened by 10%	84,260	(255)	(1,199)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable.

The Company has reduced its credit risk by holding all of its cash and cash equivalents with an Australian financial institution, whose Moody's Investor Service rating is Aa3, except for working capital requirements in West Africa.

Liquidity risk

Ultimate responsibility for liquidity risk rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Company's funding and liquidity requirements.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are adequate funds available to meet its operating and growth objectives. The Company relies on issuance of shares to fund exploration programs and will most likely issue additional shares in the future.

Expressed in United States Dollars unless otherwise stated

Interest rate risk

The Company is exposed to interest rate risk as entities in the Company deposit funds at both short-term fixed and floating rates of interest. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at variable rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responding to changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to capital management during the period ended June 30, 2023. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. The Company is not subject to externally imposed capital requirements.

The properties in which the Company currently has interests are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical source of capital has consisted of the issue of equity securities and warrants. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is exposed to various funding and market risks which could curtail its access to funds.

9. SUBSIDIARIES

The condensed interim consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name of entity	Country of Incorporation	Class of shares	Functional Currency	Equity holding % 2023	Equity holding % 2022
Sarama Investments Ltd	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Investments (No.2) Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Investments Mali Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Vasto Mining Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Burkina Faso Holdings Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
SWA BF No.3 Investments Limited	British Virgin Islands	Ordinary	USD	**100**	**100**
Sarama Mining Burkina SUARL	Burkina Faso	Ordinary	USD	**100**	**100**
Sarama Faso SARL	Burkina Faso	Ordinary	USD	**100**	**100**
SWA SARL	Burkina Faso	Ordinary	USD	**100**	**100**
Eburnean Resources Limited – Burkina SARL	Burkina Faso	Ordinary	USD	**100**	**100**
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	**100**	**100**

Expressed in United States Dollars unless otherwise stated

10. SEGMENT REPORTING

The Company consider the Board of Directors to be the chief decision maker.

The Company has one business segment, being the acquisition, exploration and potential development of mineral properties. The Company has operations in one geographic area, being Burkina Faso.

As at and for the period ended June 30, 2023

	Burkina Faso	Other	Total
	$	$	$
Segment current assets	68,959	890,846	959,805
Segment non-current assets			
Plant and equipment	66,107	7,895	74,002
Investment in Associate	1,836,171	-	1,836,171
Receivables – Non-Current	144,534	-	144,534
Royalty	-	23,131	23,131
	2,046,812	31,026	2,077,838
Segment total assets	**2,115,871**	**921,872**	**3,037,643**
Segment liabilities	**32,008**	**861,953**	**893,961**
Segment Loss			
Loss for the period from continuing operations	**491,438**	**874,131**	**1,365,569**

As at and for the period ended June 30, 2022

	Burkina Faso	Other	Total
	$	$	$
Segment current assets	368,831	3,086,535	3,455,366
Segment non-current assets			
Plant and equipment	88,977	9,184	98,161
Investment in Associate	1,836,171	-	1,836,171
Royalty	-	23,131	23,131
	1,925,148	32,315	1,957,463
Segment total assets	**2,293,979**	**3,118,850**	**5,412,829**
Segment liabilities	**899,270**	**649,459**	**1,548,729**
Segment Loss			
Loss for the period from continuing operations	**1,573,995**	**1,109,806**	**2,683,801**

Expressed in United States Dollars unless otherwise stated

11. BASIC AND DILUTED LOSS PER SHARE

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	Cents per share	**Cents per share**	**Cents per share**	**Cents per share**
Basic and diluted loss per share				
- Continuing operations	0.5	1.4	0.9	2.3
	$	$	$	$
Net loss used in calculating basic/diluted loss per share				
- Continuing operations	797,154	1,761,289	1,365,569	2,683,801
Weighted average number of shares on issue during the period used in the calculation of basic loss per share	144,259,851	129,130,960	150,527,889	114,559,896

Diluted loss per share as at June 30, 2023 is the same as basic loss per share as it is unlikely that the warrants will be converted into common shares.

12. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after tax to net cash flows from operations

	Three months ended June 30, 2023 $	Three months ended June 30, 2022 $	Six months ended June 30, 2023 $	Six months ended June 30, 2022 $
Loss for the period	(797,154)	(1,761,289)	(1,365,569)	(2,683,801)
Depreciation	8,529	5,362	17,246	8,459
Fair value gain on warrants carried at fair value through profit or loss	(130,661)	(198,690)	(142,349)	(72,189)
Finance charges	-	13,724	-	49,829
Stock–based compensation	199,894	-	199,894	188,063
Movements in provisions, salary benefits	30,526	(19,364)	37,736	430
Net exchange and translation differences – loss/(gain)	17,027	304,264	11,444	313,065
Net cash outflows used in operating activities before change in working capital	(671,839)	(1,655,993)	(1,241,598)	(2,196,144)
Change in working capital	52,975	(443,148)	43,210	(468,660)
Net cash outflows used in operating activities	(618,864)	(2,099,141)	(1,198,388)	(2,664,804)

Expressed in United States Dollars unless otherwise stated

13. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
	$	$
Accounts payable	216,172	193,469
Employee leave entitlements	498,182	457,905
	714,354	651,374

14. 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.

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

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

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

15. CONTINGENT LIABILITY: TAX ASSESSMENT – BURKINA FASO

The Company is subjected to a tri-annual taxation audit pursuant to Burkina Faso taxation laws and regulations. The Company's most recent audit was undertaken in the fourth quarter of 2021. As a result of this audit, the Burkina Faso taxation authorities have identified several matters as potentially attracting additional tax liabilities which have not been accounted for by the Company. The Company disputes the basis for, or quantum of, the related tax claims and has commenced the process for this to be reviewed. The review process requires filing of dispute materials with the relevant government authorities which was filed on May 6, 2022. The Company has yet to receive any further communication since the filing. Should that review process resolve in an outcome considered unsatisfactory, the Company may challenge the outcome by commencing court proceedings in Burkina Faso. The Company considers that the above process is common in Burkina Faso and the Company has been through a similar process in its previous tri-annual audits. The Board has assessed the likely outcomes of the process and concluded that the likely outcome is not considered to be material to the Company's financial position.