

Sarama Resources Ltd.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2018

(Expressed in United States Dollars)

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DIRECTORS

Andrew Dinning (Chairman and CEO)
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Simon Jackson (Non-executive Director)
David A. Groves (Non-executive Director)

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INDEPENDENT AUDITOR'S REPORT

To the members of Sarama Resources Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sarama Resources Ltd (“the Company”) and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$2,900,663 during the year ended 31 December 2018 and had a net cash outflow from operating and investing activities of \$2,867,126. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 April 2019

A handwritten signature in blue ink that reads 'B G McVeigh'.

B G McVeigh
Partner

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The 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 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 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
April 30, 2019

(signed) “Lui Evangelista”
CFO
April 30, 2019

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

	Note	As at December 31, 2018 \$	As at December 31, 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		398,960	394,090
Security deposits		24,661	27,325
Other receivables		36,982	46,443
Prepayments		7,775	-
Financial assets	15	228,633	-
Total current assets		697,011	467,858
Non-current assets			
Plant and equipment	3	73,860	160,746
Investment in associate	4	1,836,171	1,836,171
Royalty		23,131	23,131
Total non-current assets		1,933,162	2,020,048
Total assets		2,630,173	2,487,906
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		232,607	237,439
Financial liabilities	5(e)	-	155,750
Total current liabilities		232,607	393,189
Non-current liabilities			
Provisions		47,030	45,604
Total non-current liabilities		47,030	45,604
Total liabilities		279,637	438,793
EQUITY			
Share capital	5(b)	45,835,363	43,011,623
Share based payments reserve		3,283,395	2,812,948
Foreign currency translation reserve		(295,067)	(202,966)
Deficit		(46,473,155)	(43,572,492)
Total equity		2,350,536	2,049,113
Total liabilities and equity		2,630,173	2,487,906

These financial statements are authorised for issue by the Board of Directors on April 30, 2019.

They are signed on the Company's behalf by:

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

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

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

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

	Note	Year ended December 31, 2018	Year ended December 31, 2017
Income			
Interest income		726	732
Foreign exchange gain		-	30,208
Fair value gain on warrants carried at fair value through profit or loss		155,750	1,137,878
Other income		1,402	-
Sale of exploration permit		524,880	-
Total income		<u>682,758</u>	<u>1,168,818</u>
Expenses			
Accounting and audit		41,974	24,432
Business development		108,023	35,602
Depreciation		2,654	9,177
Directors fees		53,412	57,063
Exploration expenditure as incurred	2	1,773,424	1,341,322
Foreign exchange loss		33,794	-
Insurance		35,630	35,872
Loss on sale of financial assets		136	-
Marketing and investor relations		44,313	68,541
Office and general		159,478	171,063
Professional fees		70,832	74,157
Salaries		672,191	751,183
Stock-based compensation	5(d)	378,778	266,246
Travel		67,588	120,015
Fair value loss on financial assets carried at fair value through profit or loss		141,194	-
Total expenses		<u>3,583,421</u>	<u>2,954,673</u>
Profit / (Loss) before income tax		<u>(2,900,663)</u>	<u>(1,785,855)</u>
Income tax benefit		-	-
Profit / (Loss) for the period from continuing operations		<u>(2,900,663)</u>	<u>(1,785,855)</u>
Loss after tax from discontinued operations		-	-
Profit / (Loss) after discontinued operations		<u>(2,900,663)</u>	<u>(1,785,855)</u>
<i>Items that may be reclassified to the statement of income/(loss)</i>			
Exchange differences on translation of foreign operations		(92,101)	2,823
Total comprehensive gain / (loss) for the period		<u>(2,992,764)</u>	<u>(1,783,032)</u>
Basic and diluted loss per share			
- Continuing operations		(1.7) cents	(1.4) cents
- Discontinuing operations		-	-
Weighted average number of shares			
Basic and diluted		173,420,402	131,911,751

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

		Year ended December 31, 2018	Year ended December 31, 2017
	Note		
Cash flows used in operating activities			
Payments to suppliers and employees		(1,304,645)	(1,860,107)
Payments for exploration and evaluation		(1,682,875)	(5,146,508)
Fee received for earn in agreement		10,203	4,028,671
Interest received		726	732
Other income		1,525	-
Income tax benefit		-	-
Net cash used in operating activities	12	(2,975,066)	(2,977,212)
Cash flows used in investing activities			
Purchase of plant and equipment	3	(46,977)	(13,420)
Payments for investment in associates		-	(597,057)
Proceeds on sale of exploration property		148,980	-
Proceeds on sale of financial assets		5,937	-
Net cash generated/(used) in investing activities		107,940	(610,477)
Cash flows from financing activities			
Common shares and warrants issued for cash		3,144,844	2,781,546
Payment of share issue costs		(244,942)	(58,662)
Net cash generated by financing activities		2,899,902	2,722,884
Net increase/(decrease) in cash and cash equivalents		32,776	(864,805)
Net foreign exchange differences		(27,906)	19,542
Cash and cash equivalents at beginning of the period		394,090	1,239,353
Cash and cash equivalents at end of the period		398,960	394,090

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 5)	Share based payments reserve	Foreign currency translation reserve	Deficit	Total
		\$	\$	\$	\$	\$
Balance at January 1, 2017	121,169,292	40,585,749	2,546,702	(205,789)	(41,786,637)	1,140,025
Loss attributed to shareholders of the Company	-	-	-	-	(1,785,855)	(1,785,855)
Exchange differences on translation of foreign operations	-	-	-	2,823	-	2,823
Total comprehensive loss for the year	-	-	-	2,823	(1,785,855)	(1,783,032)
Transactions with owners in their capacity as owners:						
Proceeds from share issue	19,591,110	2,781,546	-	-	-	2,781,546
Share issuance costs	-	(58,662)	-	-	-	(58,662)
Fair value of share issue ascribed to warrants and recorded as financial liability	-	(297,010)	-	-	-	(297,010)
Stock-based compensation expense (5(d))	-	-	266,246	-	-	266,246
Balance at December 31, 2017	140,760,402	43,011,623	2,812,948	(202,966)	(43,572,492)	2,049,113
Loss attributed to shareholders of the Company	-	-	-	-	(2,900,663)	(2,900,663)
Exchange differences on translation of foreign operations	-	-	-	(92,101)	-	(92,101)
Total comprehensive loss for the period	-	-	-	(92,101)	(2,900,663)	(2,992,764)
Transactions with owners in their capacity as owners:						
Proceeds from share issue	40,750,000	3,144,844	-	-	-	3,144,844
Share issuance costs	-	(336,612)	-	-	-	(336,612)
Share-based payments	-	-	91,669	-	-	91,669
Stock-based compensation expense (5(d))	-	-	378,778	-	-	378,778
Reduction in net smelter royalty obligations (5(b))	200,000	15,508	-	-	-	15,508
Balance at December 31, 2018	181,710,402	45,835,363	3,283,395	(295,067)	(46,473,155)	2,350,536

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

Sarama Resources Ltd
An Exploration Stage Company
Notes to the 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 consolidated financial statements have been prepared in United States Dollars.

The board of directors of the Company have approved these consolidated financial statements on April 30, 2019.

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 December 31, 2018, 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 consolidated financial statements for the period ended December 31, 2018, comprise the accounts of Sarama Resources Ltd and its subsidiaries and the Company’s interest in equity accounted investments

Basis of Presentation

These 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**”).

Going Concern

For the year ended December 31, 2018, the consolidated entity recorded a net loss of \$2,900,663 and had a net cash outflow from operating and investing activities of \$2,867,126. As at December 31, 2018, the consolidated entity had available cash of \$398,960 and surplus of current assets over current liabilities of \$464,404.

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 consolidated financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Standards and Interpretations applicable to December 31, 2018

In the year ended 31 December 2018, 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. Those which have a material impact on the Company are set out below.

IFRS 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after January 1, 2018) addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

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All equity instruments are carried at fair value and the cost exemption under IAS 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss.

The IFRS 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Company has applied IFRS 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 January 2018 and has elected not to restate comparative information accordingly, the information presented for December 31, 2018 has not been restated. There is no impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

b) Accounting Standards, Interpretations and Amendments to Existing Standards that are not yet effective

The following pronouncements issued by the IASB that are not yet mandatorily applicable to the Company together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods are discussed below. The Company did not adopt any new accounting standards during the period ended December 31, 2018.

IFRS 16: Leases (applicable to annual reporting periods beginning on or after January 1, 2019) introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows;

- recognition of right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciation of right to use assets in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non lease components and instead account for all component as a lease.

The transitional provisions of IFRS 16 allow a lessee to either retrospectively apply the Standard to comparatives or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of IFRS 16 will not have a significant impact on the Company's financial statements.

c) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at December 31, 2018 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) *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 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 the Consolidated Statement of Loss and Comprehensive Loss.

All foreign exchange gains and losses are presented separately in the Consolidated Statement of Loss and Comprehensive Loss.

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.

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- ii. 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) Impairment of plant and equipment

At the end of each reporting period, the carrying amounts of the Company's plant and equipment is reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value-of-money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Loss and Comprehensive Income Loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Loss and Comprehensive Loss.

h) Plant and Equipment

The cost of all plant and equipment is stated at historical cost less depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Assets are depreciated over their estimated useful service lives using the straight-line method at the following periods:

Office equipment	4 years
Plant and equipment	3 years
Motor vehicles	4 years

Depreciation expense relating to plant and equipment in Burkina Faso, Mali and Liberia is capitalised and forms part of exploration and evaluation assets. Depreciation expense for plant and equipment in Australia is recognised as an expense through the Statement of Loss and Comprehensive Loss.

i) Stock-based Compensation

The fair value of share purchase options granted is recognised as an employee or consultant expense with a corresponding increase in equity. The fair value of share purchase options granted is determined by the Black-Schöles 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.

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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 reclassified 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 that are expected to vest. The corresponding entry is recognised in the stock-based compensation reserve.

j) 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.

k) 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 the Statement of Loss and Comprehensive Loss in accordance with the requirements of IAS 32 Financial Instruments: Presentation. The financial liability will be accounted for at fair value through the Statement of Loss and Comprehensive Loss until such time that the warrants are exercised or lapse, at which point the liability will be transferred to equity.

l) Income Taxes

Income tax on the income or loss for the period presented comprises current and deferred tax. Income tax is recognised in the Statement of Loss and Comprehensive Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realisation or settlement.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

m) 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.

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n) *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 the Statement of Loss and Other Comprehensive Loss using the Black-Schöles Model. Note 5 provides detailed information about the key assumptions used in the determination of the fair value of warrants.

3. PLANT AND EQUIPMENT

	December 31, 2018			
	Plant and Equipment	Motor Vehicles	Office Equipment	Total
	\$	\$	\$	\$
Opening net book value	56,346	9,379	95,021	160,746
Additions	25,526	-	21,451	46,977
Disposals	-	-	(2,363)	(2,363)
Depreciation	(52,910)	(8,344)	(70,246)	(131,500)
Closing net book value	28,962	1,035	43,863	73,860
Opening Cost	236,574	189,254	282,813	708,641
Accumulated Depreciation	(207,612)	(188,219)	(238,950)	(634,781)
Closing Net Book Value	28,962	1,035	43,863	73,860

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December 31, 2017

	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Opening net book value	172,477	76,127	131,131	379,735
Additions	3,469	-	9,951	13,420
Disposals	-	-	-	-
Depreciation	(119,600)	(66,748)	(46,061)	(232,409)
Closing net book value	56,346	9,379	95,021	160,746
Cost	346,495	273,177	333,558	953,230
Accumulated Depreciation	(290,149)	(263,798)	(238,537)	(792,484)
Closing net book value	56,346	9,379	95,021	160,746

4. INVESTMENT IN ASSOCIATE

The Company has a 24.80% (2017: 30.24%) interest in Joint Venture BF1 Inc., a joint venture focussed on the exploration and evaluation of the Karankasso Project in Burkina Faso. The Company's interest is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below.

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

	December 31, 2018 \$	December 31, 2017 \$
Current assets	471,662	334,261
Non-current assets	12,460,980	10,436,205
Current liabilities	(392,115)	(269,613)
Non-current liabilities	(6,160,529)	(5,515,715)
Equity	6,379,998	4,985,138
Reconciliation to carrying amount of investment		
Company's share of equity	1,582,239	1,507,506
Plus additional contributions	1,365,851	1,365,851
	2,948,090	2,873,357
Notional premium on acquisition by JV	(1,111,919)	(1,037,186)
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.

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5. SHARE CAPITAL

(a) Authorised Share Capital

At December 31, 2018, the authorised share capital comprised an unlimited number of common shares without par value.

(b) Issued Share Capital

	Capital Stock	
	Number	\$
Balance, December 31, 2017	140,760,402	43,011,623
Shares issued during the period ended December 31, 2018	40,950,000	2,823,740
Balance December 31, 2018 (net of cost)	181,710,402	45,835,363

Details of issues of common shares

On January 11, 2018, 750,000 options, exercisable at C\$0.10, were exercised for total proceeds of C\$75,000.

On March 19, 2018, the Company announced that it had raised gross proceeds of C\$4,000,000 from a private placement offering of 40,000,000 common shares at a price of C\$0.10 per common share. In connection with the private placement, the Company engaged 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 to the Agents, exercisable until December 31, 2021 at a price of C\$0.14.

On March 29, 2018, the Company issued 200,000 common shares to Xinga Gold SARL as consideration for a reduction in the net smelter royalty from 4% to 1% in relation to the Kandiolé Sud Exploration Property in Mali.

(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
February 26, 2016 (fully vested)	1,075,000	0.10	February 26, 2019
January 5, 2017 (fully vested)	4,995,000	0.20	January 5, 2020
January 8, 2018 (fully vested)	7,390,000	0.11	January 8, 2021
	13,460,000		

On January 8, 2018 the Company issued 7,390,000 options to directors, officers and employees of the company, exercisable at C\$0.11 and expire 3 years after issue.

750,000 options have been exercised in the year ended December 31, 2018 (year ended December 31, 2017: 1,000,000).

(d) Stock-Based Compensation

For the year ended December 31, 2018, the expense incurred relating to stock-based compensation was \$378,778 (December 31, 2017: \$266,246).

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For the year ended December 31, 2018, the Company granted stock options to its directors, officers, employees and consultants and estimated the stock based compensation as follows:

	January 8, 2018
Total options granted	7,390,000
Exercise price	C\$0.11
Estimated fair value of compensation recognised	\$346,480
Balance to be recognised over remaining vesting period	\$nil
Estimated fair value per option	\$0.05

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

	January 8, 2018
Risk-free interest rate	1.76%
Expected dividend yield	0%
Expected stock price volatility	105%
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.

(e) Warrants

The Company has issued warrants as part of its capital raising programs. The details of all warrants still on issue are detailed below.

Warrant issue	Total Warrants Issued	Exercise Price (C\$)	Estimated fair value of warrants	Estimated fair value per warrant	Expiry Date
Shareholder Warrants issued March 17, 2017	3,615,040	\$0.35	0	\$0.000	March 17, 2019
	3,615,040		0	\$0.000	
Acquisition Warrants issued December 12, 2016	2,000,000	\$0.24	167,196	\$0.084	December 12, 2019
Broker Warrants issued March 16, 2018	1,500,000	\$0.14	91,669	\$0.061	December 31, 2021
	3,500,000		258,865	\$0.074	
Total	7,115,040		258,865	\$0.036	

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During the full year ended December 31, 2018 there were the following movements in warrants;

5,000,000 broker warrants were issued at \$0.14 in connection with the Private Placement in March, 2018. 1,500,000 broker warrants vested immediately. As at April 30, 2019, the remaining 3,500,000 have expired due to the vesting conditions not being met.

Warrants expiring during the year were;

7,789,493 warrants that were issued in June 2016, exercisable at a price of C\$0.20 each, expired in June 2018, 4,001,524 warrants that were issued in June 2016, exercisable at a price of C\$0.15 each, expired in December 2018,

3,000,000 warrants that were issued in December 2016, exercisable at a price of C\$0.195 each, expired in December 2018,

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 shareholder warrants are recognised as a financial liability in the financial statements in accordance with IAS 32.

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

Warrant issue	Risk – free interest rate	Expected dividend yield	Expected stock price volatility	Remaining warrant life
Acquisition Warrants issued December 12, 2016	0.74%	0%	105%	12 months
Shareholder Warrants issued March 17, 2017	0.75%	0%	105%	3 months
Broker Warrants issued March 16, 2018	0.73%	0%	105%	36 months

Changes in the fair value of the Shareholder Warrants recognised as financial liability are as follows:

Fair value at December 31, 2017	\$ 155,750
Fair value gain on warrants carried at fair value through profit or loss	(155,750)
Fair value at December 31, 2018	-

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6. INCOME TAXES

	December 31, 2018	December 31, 2017
<i>A reconciliation of the income tax at statutory rates is as follows:</i>	\$	\$
Loss for the year before income tax	(2,900,663)	(1,785,855)
“Prima facie” income tax benefit at 26% (2015: 26%)	(754,173)	(464,322)
Tax effect of permanent differences:		
Stock – based payments	98,482	69,224
Foreign exchange (gains) / losses	8,786	(7,854)
Revaluation of warrant liability	(40,495)	(295,848)
Adjustment in respect of global tax rate differences	(3,233)	(1,976)
Deferred tax assets not brought to account	690,633	700,776
Income tax benefit	-	-
Deferred tax assets and liabilities		
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax liabilities:	-	-
Deferred tax assets		
Tax losses	3,360,007	3,342,900
Exploration expenditure	8,267,960	7,606,438
Capital raising costs expensed	119,161	27,838
	11,747,128	10,977,176
Deferred tax assets not recognised	(11,747,128)	(10,977,176)
Deferred tax assets recognised at 31 December	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses - Canada	3,163,382	3,173,635
Tax losses - Liberia	-	-
Tax losses - Burkina Faso	128,418	141,181
Tax losses - Mali	68,207	28,084
Exploration expenditure	8,267,960	7,606,438
Capital raising costs expensed	119,161	27,838
	11,747,128	10,977,176

The realisation of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax assets have been recognised for accounting purposes.

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 December 31, 2018 according to the following fair value measurement hierarchy:

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

At December 31, 2018, the Company has a financial asset recognised at fair value through its shareholding in Oklo Resources Limited. The level 1 financial asset is recognised at fair value through the profit or loss carried at fair value of \$228,633 (2017: \$0). The Company also has a warrant liability recognised at fair value. The level 2 financial liability is recognised at fair value through the profit or loss carried at fair value of \$0 (2017: \$155,750).

(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 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.

The carrying amounts of the Company's financial assets and liabilities are denominated in USD, except as set out below:

	As at December 31, 2018		
	AUD \$	CAD \$	Euro €
Cash and cash equivalents	47,991	432,827	4,910
Payables	3,270	39,873	-
	As at December 31, 2017		
	AUD \$	CAD \$	Euro €
Cash and cash equivalents	49,665	381,933	1,450
Payables	11,696	38,753	80

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Sensitivity

Based on the financial instruments held as at December 31, 2018, had the US dollar weakened/strengthened by 10% against the AUD, CAD or EUD, 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 December 31, 2018		
	AUD \$	CAD \$	Euro €
USD Strengthened by 10%	(2,865)	(26,203)	(511)
USD Weakened by 10%	3,501	32,026	624
	As at December 31, 2017		
	AUD \$	CAD \$	Euro €
USD Strengthened by 10%	(2,695)	(24,859)	(149)
USD Weakened by 10%	3,294	30,383	182

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 Aa2, 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.

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.

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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 year ended December 31, 2018. 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 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 %	
				2018	2017
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	CFA	100	100
Sarama Faso SARL	Burkina Faso	Ordinary	CFA	100	100
SWA SARL	Burkina Faso	Ordinary	CFA	100	100
Monteray Mining Group – Burkinas SARL	Burkina Faso	Ordinary	CFA	100	100
Sarama Mining Mali SARL	Mali	Ordinary	CFA	100	100
Pedsam Mining Limited (Liberia)	Liberia	Ordinary	USD	100	100

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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 two geographic areas, being Burkina Faso and Mali.

	December 31, 2018			
	Burkina Faso	Mali	Other	Total
	\$	\$	\$	\$
Segment current assets	74,999	2,206	619,806	697,011
Segment non-current assets				
Plant and equipment	68,215	-	5,645	73,860
Investment in Associate	1,836,171	-	-	1,836,171
Royalty	-	-	23,131	23,131
	1,904,386	-	28,776	1,933,162
Segment total assets	1,979,385	2,206	648,582	2,630,173
Segment liabilities	5,333	-	274,304	279,637
Segment Loss				
Loss for the period from continuing operations	1,756,583	16,840	1,127,240	2,900,663
	December 31, 2017			
	Burkina Faso	Mali	Other	Total
	\$	\$	\$	\$
Segment current assets	42,760	1,796	423,302	467,858
Segment non-current assets				
Plant and equipment	158,490	-	2,256	160,746
Investment in Associate	1,836,171	-	-	1,836,171
Royalty	-	-	23,131	23,131
	1,994,661	-	25,387	2,020,048
Segment total assets	2,037,421	1,796	448,689	2,487,906
Segment liabilities	-	-	438,793	438,793
Segment Loss				
Loss for the period from continuing operations	1,325,733	15,589	444,533	1,785,855

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11. BASIC AND DILUTED LOSS PER SHARE

	December 31, 2018	December 31, 2017
	Cents per share	Cents per share
Basic and diluted loss per share		
- Continuing operations	(1.7)	(1.4)
- Discontinuing operations	-	-
	\$	\$
Net loss used in calculating basic/diluted loss per share		
- Continuing operations	(2,900,663)	(1,785,855)
- Discontinuing operations	-	-
	<u>(2,900,663)</u>	<u>(1,785,855)</u>
Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	173,420,402	131,911,751

Diluted loss per share as at December 31, 2018 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 CASH FLOW STATEMENT

Reconciliation of loss after tax to net cash flows from operations

	December 31, 2018	December 31, 2017
	\$	\$
Loss for the year	(2,900,663)	(1,785,855)
Depreciation	2,654	9,177
Non cash exploration expenditure	100,752	223,485
Fair value loss/(gain) on warrants	(155,750)	(1,137,878)
Fair value loss/(gain) on financial assets held for sale	141,194	-
(Gain)/Loss on disposal of assets	(375,900)	-
Loss on sale of financial assets	6,073	-
Stock-based compensation	378,778	266,246
Net exchange and translation differences (gain)/loss	33,794	(30,208)
Net cash outflows used in operating activities before change in working capital	<u>(2,769,068)</u>	<u>(2,455,033)</u>
Change in working capital	(205,998)	(522,179)
Net cash outflows used in operating activities	<u>(2,975,066)</u>	<u>(2,977,212)</u>

13. COMMITMENTS

The Company has the following commitments relating to its office leases:

	December 31, 2018	December 31, 2017
	\$	\$
Less than one year	17,808	19,691
Between 1 and 2 years	-	-
Greater than 2 years	-	-
Total	<u>17,808</u>	<u>19,691</u>

The Company has no contingencies (2016: Nil).

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14. RELATED PARTIES - KEY MANAGEMENT COMPENSATION

Year	Salary	Directors Fees	Stock-based compensation	Pension value (1)	All other compensation	Total compensation
2018	715,169	53,412	378,778	54,140	-	1,201,499
2017	768,118	57,063	266,246	54,152	-	1,145,579

Notes:

- (1) The Company is required by applicable law in Australia to make an annual contribution of 9.5% of gross annual salary to the nominated superannuation funds of Australian employees. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Company contributes. The Company contributes to superannuation funds of Australian resident named executive officers (NEO) at a rate of 10% of base salary per year, in addition to the base salary. The Company does not provide defined benefit plans or other pension entitlements for any of its employees.

There are no other related party transactions.

15. SALE OF KANDIOLE SUD EXPLORATION PROPERTY

On April 23, 2018, the Company announced that it had entered into a binding agreement for the sale of its non-core Kandiole Sud Exploration Property, West Mali to Oklo Resources Limited (“Oklo”, ASX:OKU) for consideration comprising cash and shares in Oklo for a total value of A\$1,000,000. On May 11, 2018, the Company announced the satisfaction of all conditions precedent in relation to the binding agreement. The Company has recorded the receipt of a cash payment of A\$200,000 and shares in Oklo of value A\$500,000 (calculated using a fixed Oklo share price of A\$0.379/share), representing the Tranche 1 and Tranche 2 Consideration payments respectively, as Other Income of \$524,880.

The market value of the shareholding in Oklo at December 31, 2018 is \$228,633 and has been recorded as Financial Asset at fair value through profit or loss (Level 1) within the Statement of Financial Position.

The Company is further entitled to a Tranche 3 Consideration payment in Oklo shares of value A\$300,000 upon Oklo, or its nominee, being registered by the Mali Ministry of Mines as the 100% owner of the Property.

16. SUBSEQUENT EVENTS

On January 18, 2019, the Company issued 4,635,000 options to directors, officers and employees of the company, exercisable at C\$0.06 and expire 3 years after issue.

On April 30, 2019, the Company announced that further to its press releases issued April 9, 2019 and April 26, 2019 in relation to the Company’s proposed private placement, due to strong support from existing shareholders and new investors, the Company had closed its offering issuing 68,949,585 common shares at a price of C\$0.085 per common share for aggregate gross proceeds to the Company of C\$5,860,715 (the “Private Placement”). The proceeds of the Private Placement will be used to fund payments to regain 100% ownership of the South Houndé Project (news release dated 27 November 2018), exploration activities and to meet working capital requirements of the Company. Sarama intends to undertake a resource development program to firm-up and expand existing oxide and free-milling mineral resources on the South Houndé and ThreeBee Projects.