

SARAMA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months (second quarter) and six months ended June 30, 2020

Dated: August 26, 2020

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

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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed interim consolidated financial statements of Sarama Resources Ltd. (the "Company" or "Sarama") and its subsidiaries for the three and six month period ended June 30, 2020.

The condensed interim consolidated financial statements for the three and six month period ended June 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated.

This MD&A is current as at August 26, 2020.

Additional information relating to the Company is available on SEDAR at www.sedar.com under the Company's profile.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

OVERVIEW

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

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

The Company has built and advanced substantial exploration landholdings in prospective and underexplored areas in West Africa, with a central focus on the southern Houndé greenstone belt in south-west Burkina Faso. As at March 31, 2020, the Company has significant interests in three Projects with mineral resources and is actively building exploration positions in other prospective areas.

Exploration and development activities are focussed within 2 major project areas in the south west of Burkina Faso with the most advanced being the southern Houndé Belt development area which hosts the South Houndé Project⁽⁴⁾ (2.1 Moz Au inferred mineral resources⁽¹⁾) and the adjoining ThreeBee Project (0.3Moz Au measured and indicated and 0.1Moz Au inferred mineral resource (historical)⁽³⁾). The Koumandara Project is an early-stage, regional exploration play and is located within the Banfora Belt.

The Company holds a 19% interest in the Karankasso Project JV (0.7Moz Au inferred mineral resources⁽²⁾) which is operated by Endeavour Mining Corporation ("Endeavour"). Sarama and Endeavour have been proactive in discussions with respect to the management of the Karankasso Project JV and opportunities to create further value for both companies.

CORPORATE

Treasury

As at June 30, 2020, the Company had cash and cash equivalents of \$1,071,333.

Board Changes

On June 24, 2020 the Company announced the appointment of two new Non-Executive Directors and restructure of its Board to support the pursuit of a new strategic direction. Sarama will take a more aggressive approach to maximising the value of its assets either through M&A or pursuing a development scenario.

Simon Jackson has been appointed Non-Executive Chairman which will allow the CEO, Andrew Dinning, to fully focus on implementing the changes in strategic direction with the assistance of the Board. Long serving Non-Executive Directors Sean Harvey and David Groves have retired from the Board and experienced mining executives Adrian Byass and Steve Zaninovich have been appointed in their place. Mr Byass and Mr Zaninovich have extensive mining industry experience and have successfully brought assets to account through both project development and corporate routes and their skillsets complement the existing Board and support the Company's new strategic direction.

Share Issue in lieu of Salary

In May 2020 the Company, in order to conserve cash, agreed with its executive officers (the "Executives") to receive a portion of their salary in common shares. On June 9, 2020 the Company issued 353,967 common shares to the Executives on account of services rendered for the period May 1, 2020 to May 31, 2020 (the "Compensation Shares"). The issue price of each Compensation Share was CAD\$0.0659, based on a five-day volume weighted average price of the Company's common shares on the TSX-V on May 31, 2020. The Compensation Shares are subject to a four-month hold period.

Subsequent to June 30, 2020 the Company issued further Compensation Shares to its Executives. On July 3, 2020 it issued 252,809 common shares to its Executives on account of services rendered for the period June 1, 2020 to June 30, 2020 at an issue price of CAD\$0.0937. On August 13, 2020 it issued 180,070 common shares to its Executives on account of services rendered for the period July 1, 2020 to July 31, 2020 at an issue price of CAD\$0.1342.

Private Placement

On August 4, 2020 the Company announced that it had closed its partly brokered private placement for 18,852,936 Shares at a price of C\$0.11 per Share raising aggregate gross proceeds of C\$2,073,823. The proceeds from the Private Placement will be used to advance the Company's projects in Burkina Faso, including a mineral resource update on the South Houndé Project, high value oxide focused exploration drilling, general technical work to support framing up of development options and general corporate purposes. Finders fees were paid to Cormark Securities Inc. ("Cormark") in accordance with the policies of the TSX Venture Exchange, pursuant to a finder's agreement between Cormark and the Company. The Company paid Cormark a 4% cash fee of C\$24,400.

Dual Listing on the Australian Stock Exchange

The Company is contemplating a dual listing of its Shares on the Australian Stock Exchange and has appointed Hartleys Limited as the Company's Australian corporate advisors to assist in this process. The contemplated listing will consist of Chess Depositary Interests ("CDI") which will rank equally beside the Company's shares listed on the TSX Venture Exchange.

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

EXPLORATION AND EVALUATION EXPENDITURE

During the current period the Company incurred exploration expenditure of \$173,039.

The costs per active project area per each quarter for the current period ending June 30, 2020 and preceding four quarters is as follows;

	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019	Three months ended September 30, 2019	Three months ended June 30, 2019
South Houndé	86,040	321,867	130,600	184,522	599,925
ThreeBee	71,296	104,698	259,307	22,244	23,185
Koumandara	10,385	24,461	117,462	298,550	181,089
Other – Burkina Faso **	1,943	4,969	-	-	27,178
Foreign Currency Translation	3,375	-	201,668	-	-
Total	173,039	455,995	709,037	505,316	831,377

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

For the quarter ended June 30, 2020, the Company incurred exploration expenditure of \$173k. Expenditure incurred at the South Houndé Project was \$86k which included permit taxes and renewal fees, plus allocation of administration, camp and technical support. Costs at ThreeBee of \$71k including database management, permit taxes and renewal fees, plus allocation of administration, camp and technical support. Costs at Koumandara project of \$10k included allocation of administration, camp and technical support. Foreign currency translation of \$3k represents the difference in translating local currency balances in Burkina Faso into USD at average exchange rates compared to the period end exchange rate.

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

Burkina Faso

As at June 30, 2020 the Company had interests, directly and indirectly, in mineral properties covering an area of approximately 3,000km² located principally within the southern Houndé and Banfora Greenstone Belts, in south-west Burkina Faso. The exploration activities are primarily focussed within 2 geographical areas:

1. The southern Houndé Belt project area hosting the

- a. South Houndé Project,
- b. ThreeBee Project,
- c. Karankasso Project and;

2. The northern Banfora Belt project area hosting the

- a. Koumandara Project.

South Houndé Project

Property Information

The primary focus of the Company has been its South Houndé Project which comprises seven properties covering an area of approximately 790 km². It is located in the southern Houndé Belt, which hosts Endeavour's Mana and Houndé Gold Mines and Roxgold Inc.'s Yaramoko Gold Mine and recent +1Moz Au discoveries including Teranga's Golden Hill deposit and Endeavour's Kari Pump deposit. Recent exploration by Semafo, now Endeavour, has produced the Bantou Nord discovery approximately 5km from Sarama's South Houndé Project resource.

On November 27, 2014, the Company signed an earn-in agreement with Acacia Mining plc ("**Acacia**", now Barrick TZ Ltd ("**Barrick**"). Over the ensuing 4 years, Acacia sole-funded project exploration and related expenditures of approximately \$13 million and earned rights to a 50% interest in the project. On May 14, 2019, (subsequently amended on November 18, 2019), the Company executed a binding agreement with Acacia that provided for the termination of the earn-in agreement, rescinding Acacia's rights, and providing Sarama with operational control of the project and a pathway for 100% ownership. On June 1, 2019, the Company formally regained operatorship of the project and in November 2019, the Company regained 100% ownership of the project.

On February 8, 2016 the Company announced an updated mineral resource estimate¹ of 43Mt @ 1.5g/t Au for 2.1Moz of contained gold (inferred). Cube Consulting Pty Ltd, Orway Mineral Consultants Pty Ltd and Kappes, Cassidy & Associates Australia Pty Ltd prepared the technical report titled "NI 43-101 Independent Technical Report, South Houndé Project, Bougouriba and Ioba Provinces, Burkina Faso", dated March 29, 2016 and filed on SEDAR (www.sedar.com). There are no material differences in the technical information contained in the technical report compared to the disclosure in the February 8, 2016 news release.

Subsequent exploration of the project has extended the strike length of drill-defined mineralisation to 12km and has identified new zones and prospects for follow-up.

Activities Completed in Q2 2020

- With advent of the COVID-19 pandemic and associated restrictions and risk mitigation measures, no fieldwork was undertaken during the quarter. The Company however continued to work on integration and review of recent and historical work on the project focussing on oxide and free-milling exploration targets in the main mineralised corridor and in certain regional areas.
- The Company continued to examine options for project configuration, including a review of tank-based and heap leaching alternatives, coupled with varying output ranges, construction approaches and funding models.
- On June 19, 2020, the Company amended the termination agreement in respect of the South Houndé Project with Barrick. The amendment provides for the deferral by approximately 14 months of a cash payment by Sarama to Barrick. The revised payment of \$1,123,000 is now due January 15, 2022.
- Work commenced on re-interpretation of the geologic model for the project in preparation for an update to the project's mineral resource in Q3 2020.

Outlook

The increasing gold price has the potential to broaden the scope for development of the project and potentially allows for alternate processing configurations to leverage the significant resource base to provide for a multi-stage, longer life and higher output project.

Sarama intends to continue framing up potential project development options considering the materially higher gold price with historical evaluation work identifying nominally a \$1,500/oz gold price as being a major inflection point for a material step change in the mineable resource. Including the additional resource will result in a step change in the resource to reserve conversion ratio, a major increase in the potential reserve and related mining and processing economics.

The Company intends to undertake a resource development program aimed at firming up and increasing the oxide and free milling component of the mineral resource. Additional drilling is anticipated to further bolster the size and life of the stage-one development of the project prior to minor plant upgrades to progress to stage two which will access a significant inventory of high-grade fresh material. Field activities will nominally include AC and RC drilling and metallurgical testwork to support project dimensioning work and it is anticipated these work programs and activities will be completed prior to commencing formal study work.

The Company's field and exploration activities are currently suspended due to the direct and indirect impact of the COVID-19 pandemic. All reasonable steps have been taken to minimise in-country expenditure while maintaining the structure of the business to enable orderly resumption of activities. The Company will assess in-country conditions at the end of the current rainy season with the intent of recommencing field activities prior to the end of the year.

An update to the project's mineral resource is anticipated in Q3 2020. The update will include all drilling undertaken since early 2016 and will incorporate modelling of the mineral inventory in western and eastern corridors of the project area. This revised mineral resource will be used to structure and design exploration programs and frame up the preferred development path for the project.

ThreeBee Project

Property Information

The ThreeBee Project comprises four exploration properties (Djarkadougou, Botoro, Bamako_2 and Nakar) covering an area of 660 km² and lies immediately north and east of the South Houndé Project.

The project hosts the Bondi Deposit that lies fully within the Djarkadougou Property (currently subject to a government re-issue process) located immediately adjacent to and within trucking distance to Sarama's South Houndé Project. The deposit has a historical estimate of mineral resources³ of 282,000oz Au (measured and indicated) and 150,000 oz Au (inferred).

By virtue of the high-grade and free milling nature of the Bondi Deposit, the project has potential to provide valuable feed in a regional development scenario centred on the South Houndé Project following re-issue.

Regional exploration by the Company has identified a number of early-stage targets which have the potential to make meaningful additions to the mineral resource base of the project. The most advanced of these target areas is the Zanawa Prospect, located approximately 4km north-east of the Bondi Deposit, which has returned 22m @ 3.85g/t Au from 5m in DJR0029, 29m @ 1.44g/t Au from 1m and 10m @ 1.24g/t Au from 67m in DJR0030 and 5m @ 4.54g/t Au from 15m in DJA0141 in recent drilling by the Company.

Field mapping and reconnaissance work at the Bamako 2 Property has revealed the establishment of a large artisanal mining camp, which has opened a block of current workings measuring approximately 3km-long x 2km-wide. The workings have exposed numerous, subparallel gold-bearing quartz veins, extending for over 3km in strike length with gold-in-soil surveys return peak values of 13.6g/t Au. Drilling on the property has returned a number of significant intercepts including 15m @ 6.17g/t Au from 9m in FRC384, 8m @ 18.4g/t Au from 42m in BAR004 and 18m @ 1.20g/t Au from 44m in BAR003.

Activities Completed in Q2 2020

- The Company continued to monitor and push the progress for the renewal and re-issue of the exploration permit for the Djarkadougou Property, and continued its dialogue with senior members of the government to expedite this process. The Company has commenced an environmental study to assess and set out a management plan to mitigate the impact of the company's exploration activities on the property and assist relevant government departments move the dossier forward.

Outlook

The Company will continue to monitor and provide supporting documentation for the re-issue of the exploration permit for the Djarkadougou Property and is taking all appropriate steps to expedite this process. The Company continues to engage and have dialogue with relevant government authorities and decision makers however timeframes for the permit re-issue resolution is indeterminate.

The Company will continue to conduct desktop work to support its two-pronged strategy of systematic regional exploration for discovery of new mineralisation and secondly, validation of the large amount of historical data concentrated in the Bondi Deposit area with a view to generating new and extensional targets.

On the Djarkadougou Property, further field work, including drilling, is anticipated once the exploration permit has been re-issued.

Pending further field work and desktop assessment, further drilling is anticipated on the Botoro and Bamako 2 Properties to follow-up the areas of significance identified in the Q2 2018 and Q4 2019 drill programs.

Koumandara Project

Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 600 km² in the Banfora Belt and lies approximately 80km west of the South Houndé Project. Historical work conducted by the Company has resulted in the identification of significant zones of gold-in-soil anomalism and encouraging scout drilling results which are aligned with regional structural features, illustrating the region's prospectivity.

Activities Completed in Q2 2020

- The Company continued to compile historical exploration data for the constituent properties to facilitate a holistic exploration assessment of the project. This work included soil geochemistry and surface prospecting and auger, AC and RC drilling.
- No fieldwork or desktop work was undertaken in Q2 2020.

Outlook

The Company anticipates it will continue to develop more high-quality drill targets on the Koumandara Project following further surface prospecting, soil geochemistry surveys and remote image interpretation.

Karankasso Project

Property Information

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

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

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

On February 24, 2020, Semafo announced an updated inferred mineral resource estimate² of 12.74Mt @ 1.73g/t Au for 709,000 oz of contained gold of which Sarama's equity interest is 141,000 oz gold.

As at June 30, 2020, the Company held a 19.02% interest in the Karankasso JV and Endeavour is now the operator following the successful acquisition of Semafo which closed on July 1, 2020.

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

Activities Completed in Q2 2020

- Fieldwork remained suspended by the operator for the duration of Q2 2020, however desktop assessment of targets and data integration continued.

Outlook

Endeavour are undertaking a systematic review of Semafo's exploration data and are assessing exploration targets and potential exploration activities on the Karankasso Project. The Company does not anticipate any field work to be undertaken on this project until the commencement of the field season in November of this year.

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

SELECTED UNAUDITED FINANCIAL INFORMATION

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

Please refer to Results of Operations for analysis of Operations for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

	2020 \$	2019 \$	2018 \$
Interest income - quarter	1,044	929	105
Net loss - quarter	280,164	3,059,765	555,116
Net loss per share for the quarter - basic and diluted (cents)	0.1	1.3	0.3
Total assets	3,136,011	5,824,371	4,337,614
Total liabilities	1,328,363	2,493,708	533,942

RESULTS OF OPERATIONS

Quarters ended June 30, 2020 and 2019

	Q2 2020 \$	Q2 2019 \$	Variance \$
Income			
Interest income	1,044	929	115
Other income	44,338	-	44,338
	45,382	929	44,453
Expenses			
Accounting and audit	3,883	4,922	1,039
Business development	-	2,376	2,376
Directors fees	8,422	13,756	5,334
Insurance	2,590	-	(2,590)
Marketing and investor relations	7,691	4,534	(3,157)
Office and general	16,975	29,922	12,947
Professional fees	11,490	13,383	1,893
Salaries	153,201	160,667	7,466
Travel	49	13,811	13,762
Foreign exchange (gain)/loss	(71,549)	(14,564)	56,985
Total general and administration	132,702	228,807	96,055
Exploration expenditure as incurred	173,039	2,831,377	2,658,338
Depreciation	584	510	(74)
Stock-based compensation	52,118	-	(52,118)
Fair value (gain)/loss on financial assets carried at fair value through profit or loss	(32,947)	-	32,947
Net loss	280,164	(3,059,765)	2,779,601

The Company reported a loss of \$280,164 (\$0.001 per share) for the quarter ended June 30, 2020, compared to a loss of \$3,059,765 (\$0.013 per share) for the quarter ended June 30, 2019 (negative variance \$2,779,601).

Exploration expenditure decreased this quarter by \$2.8 million compared to Q2 2019 due mainly to no field activity as a result of the COVID-19 pandemic restrictions. Other income in the current quarter included Australian state government grant assistance due to the COVID-19 pandemic and gains from the partial sale of Oklo Resources shareholding (positive variance 44k). Gains in the market valuation of the remaining shareholding in Oklo Resources as at June 30, 2020 were recorded at \$33k (refer Fair value gain on financial assets carried at fair value through profit or loss). General and Administration costs were reduced in the current quarter compared to Q2 2019 due to restriction of movement and activity resulting from COVID-19 pandemic (positive variance \$38k). Foreign exchange gain for the current quarter of \$71k compared to a foreign exchange gain in Q2 2019 of \$14k (positive variance \$57k) represented revaluation of cash held in Australian and Canadian dollars against a weakening US dollar during the current quarter. Stock-based compensation was greater this quarter than Q2 2019 due to options being granted to new directors appointed in June 2020.

Six Month Period ended June 30, 2020 and 2019

	YTD 2020 \$	YTD 2019 \$	Variance \$
Income			
Interest income	4,133	1,400	2,733
Other income	49,529	5,128	44,401
	53,662	6,528	47,134
Expenses			
Accounting and audit	8,345	10,044	1,699
Business development	-	5,359	5,359
Directors fees	21,177	28,721	7,544
Insurance	7,674	17,623	9,949
Marketing and investor relations	13,472	27,291	13,819
Office and general	58,011	73,306	15,295
Professional fees	18,041	33,649	15,608
Salaries	289,268	342,418	53,150
Travel	17,824	20,860	3,036
Foreign exchange (gain)/loss	66,109	(20,412)	(86,521)
Total general and administration	499,921	538,859	38,938
Exploration expenditure as incurred	629,034	3,074,300	2,445,266
Depreciation	1,111	1,037	(74)
Stock-based compensation	360,213	58,949	(301,264)
Fair value (gain) on financial assets carried at fair value through profit or loss	(55,723)	-	55,723
Net loss	1,380,894	3,666,617	2,285,723

The Company reported a loss of \$1,380,894 (\$0.006 per share) for the six month period ended June 30, 2020, compared to a loss of \$3,666,617 (\$0.018 per share) in the six month period ended June 30, 2019 (negative variance \$2.3 million).

Exploration expenditure was less in the current six month period compared to the six month period to June 2019 (positive variance \$2.4 million) due mainly to no field activity as a result of the COVID-19 pandemic restrictions. Other income was \$49k in the current six month period compared to \$5k in the six month period to June 2019 (positive variance \$44k) which represented Australian state government grant assistance due to the COVID-19 pandemic and gains from the partial sale of Oklo Resources shareholding. Gains in the market valuation of the remaining shareholding in Oklo Resources as at June 30, 2020 were recorded at \$56k (refer Fair value gain on financial assets carried at fair value through profit or loss). General and Administration costs were reduced in the current six month period compared to the six month period to June 2019 due to restriction of movement and activity resulting from COVID-19 pandemic (positive variance \$125k). Foreign exchange loss for the current six month period of \$66k compared to a foreign exchange gain in the six month period to June 30, 2019 of \$20k (negative variance \$86k) represented revaluation of cash held in Australian and Canadian dollars against a strengthening US dollar in Q1 2020 from a market decline as a result of the COVID-19 pandemic, offset by some weakening in the US dollar in Q2 2020. Stock-based compensation was greater in the current six month period compared to the six month period to June 30, 2019 (negative variance \$301k) due to a greater number of options being granted this year and the options fully vesting on date of grant. In addition options were granted to new directors appointed in June 2020.

SUMMARISED UNAUDITED QUARTERLY RESULTS

Summarised unaudited quarterly results for the past eight quarters are:

Quarter ended	Interest income (\$)	Net profit/(loss) for the period (\$)	Basic earnings/(loss) per share (cents)	Diluted earnings/(loss) per share (cents)
June 30, 2020	1,044	(280,164)	(0.1)	(0.1)
March 31, 2020	3,089	(1,100,730)	(0.4)	(0.4)
December 31, 2019	5,319	(867,096)	(0.3)	(0.3)
September 30, 2019	1,390	86,140	0.0	0.0
June 30, 2019	929	(3,059,765)	(1.3)	(1.3)
March 31, 2019	471	(606,852)	(0.3)	(0.3)
December 31, 2018	350	(629,844)	(0.3)	(0.3)
September 30, 2018	36	(915,709)	(0.5)	(0.5)

The primary driver for the variance in net profit and loss across multiple quarterly periods is due to the expensing of exploration expenditure programs and the revaluation of warrants carried at fair value through profit or loss.

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

LIQUIDITY AND CAPITAL RESOURCES

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

As at June 30, 2020 the Company had working capital surplus of \$1,103,752 (December 31, 2019: \$1,090,527 surplus). Working capital is defined as current assets less current liabilities.

COMMON SHARE DATA (as at August 26, 2020)

Common shares outstanding	270,299,769
Options issued to directors, executive officers, and a consultant	24,865,000
Warrants issued to shareholders and agents	6,500,000
Common shares outstanding assuming exercise of all options and warrants	301,664,769

RISK AND UNCERTAINTIES

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

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

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

In December 2019, a novel strain of coronavirus (“COVID-19”) emerged in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in Canada, Australia, Burkina Faso and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. This has resulted in the Company temporarily suspending its field exploration activity. Non-essential expenditure has been curtailed including reduction in personnel and administration to preserve cash where possible. Due to the uncertainty of the magnitude, outcome and duration of COVID-19, it is not possible to estimate its impact on the Company’s business, operations or financial results; however, the impact could affect the Company’s ability to raise capital in a timely manner.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended June 30, 2020, and up to the date of this report, the Company had no off-balance sheet transactions.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), effective as of June 30, 2020. The Company’s significant accounting policies are described in note 2 of the Company’s consolidated financial statements for the years ended December 31, 2019 and 2018, and note 2 of the Company’s condensed interim consolidated financial statements for the three and six month period ended June 30, 2020 and 2019.

CHANGES IN ACCOUNTING STANDARDS

There were no new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) that are relevant to the Company and effective for the current annual reporting period.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Footnotes

1. *South Houndé Project - 43.0 Mt @ 1.5 g/t Au (reported above cut-off grades ranging 0.3-2.2 g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the inferred mineral resources having reasonable prospects for eventual economic extraction). This mineral resource contains an oxide and transition component of 16.0Mt @ 1.2g/t Au for 611koz Au (reported at a cut-off grade of 0.3g/t Au for oxide and 0.8g/t Au for transition material). The effective date of the Company's inferred mineral resource estimate is February 4, 2016. For further information regarding the mineral resource estimate please refer to the technical report titled "NI 43-101 Independent Technical Report South Houndé Project Update, Bougouriba and Ioba Provinces, Burkina Faso", dated March 31, 2016 and prepared by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama. The technical report is available under Sarama's profile on SEDAR at www.sedar.com.*
2. *Karankasso Project - 12.74Mt @ 1.73g/t Au for 709koz Au (effective date of December 31, 2019). The mineral resource estimate was disclosed on February 24, 2020 by Semafo Inc ("Semafo") and is presented in combination with the mineral resource estimate for the adjacent Bantou Property (owned 100% by Semafo). For further information regarding the mineral resource estimate please refer to the technical report titled "Bantou Project NI 43-101 Technical Report – Mineral Resource Estimate", dated April 3, 2020 and prepared by Patrik Perez, Claude Bisailon, Jordan Zampini, Francois Thibert and Richard Roy. Messers Perez, Bisailon and Zampini are employees of Met-Chem (DRA Americas Inc) and are independent of Sarama and Semafo. Messers Thibert and Roy are employees of Semafo Inc and are independent of Sarama only. The technical report is available under Semafo's profile on SEDAR at www.sedar.com Sarama has not independently verified Semafo's mineral resource estimate and takes no responsibility for its accuracy. Endeavour acquired Semafo on July 1, 2020 and is now the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate.*
3. *4.1Mt @ 2.1g/t Au for 282,000 oz Au (measured and indicated) and 2.5Mt @ 1.8g/t Au for 149,700 oz Au (inferred), reported at a 0.5 g/t Au cut-off.*
 - i. *The historical estimate of the Bondi Deposit reflects a mineral resource estimate compiled by Orezone Gold Corporation ("Orezone") which has an effective date of February 20, 2009. The historical estimate is contained in a technical report titled "Technical Report on the Mineral Resource of the Bondigui Gold Project", dated date of February 20, 2009 and prepared by Yves Buro (the "Bondi Technical Report"). Yves Buro is an employee of Met-Chem Canada Inc and is considered to be independent of Orezone and Sarama. The technical report is available under Orezone's profile on SEDAR at www.sedar.com.*
 - ii. *Sarama believes that the historical estimate is relevant to investors' understanding of the property, as it reflects the most recent technical work undertaken in respect of the Bondi Deposit.*
 - iii. *The historical estimate was informed by 886 drillholes, assayed for gold by cyanidation methods, were used to interpret mineralised envelopes and geological zones over the area of the historical estimate. Gold grade interpolation was undertaken using ID² methodology based on input parameters derived from geostatistical and geological analyses assessments. Field measurements and geological logging of drillholes were used to determine weathering boundaries and bulk densities for modelled blocks.*
 - iv. *The historical estimate uses the mineral resource reporting categories required under National Instrument 43-101.*
 - v. *No more recent estimates of the mineral resource or other data are available.*
 - vi. *Sarama is currently undertaking the necessary verification work in the field and on the desktop that may support the future reclassification of the historical estimate to a mineral resource.*
 - vii. *A qualified person engaged by Sarama has not undertaken sufficient work to verify the historical estimate as a current mineral resource and Sarama is therefore not treating the historical estimate as a current mineral resource.*
4. *Upon satisfaction of certain conditions precedent and completion of the Termination Agreement.*

Qualified Persons' Statement

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

Scientific or technical information in this disclosure that relates to the preparation of the South Houndé Project's mineral resource estimate is based on information compiled or approved by Adrian Shepherd. Adrian Shepherd is an employee of Cube Consulting Pty Ltd and is considered to be independent of Sarama Resources Ltd. Adrian Shepherd is a Chartered Professional Member in good standing of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Adrian Shepherd consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure, in respect of the Bondi Deposit relating to mineral resource and exploration information drawn from the Technical Report prepared for Orezone on that deposit has been approved by Guy Scherrer. Guy Scherrer is an employee of Sarama Resources Ltd and is a member in good standing of the Ordre des Géologues du Québec and has sufficient experience which is relevant to the commodity, style of mineralisation under consideration and activity which he is undertaking to qualify as a Qualified Person under National Instrument 43-101. Guy Scherrer consents to the inclusion in this disclosure of the information, in the form and context in which it appears.

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