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# **SARAMA RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**

**For the three months (second quarter) and six months ended June 30, 2022**

**Dated: August 12, 2022**

**(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, 2022.

The condensed interim consolidated financial statements for the three and six month period ended June 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A is current as at August 12, 2022.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://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, statements related to a potential mine development opportunity featuring an initial, long-life CIL project which may be established and paid for by the significant oxide mineral resource base, plans for an extensive drilling campaign at the Sanutura Project, costs and timing of future exploration, statements regarding use of proceeds, results of future exploration and drilling, timing and receipt of approvals, consents and permits under applicable legislation, feasibility work anticipated to commence in 2023, recommencement of drilling, 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") and Chess Depositary Interests ("CDIs") the Australian Securities Exchange ("ASX") under the respective codes 'SWA' and 'SRR'.

The Company has built and advanced substantial exploration landholdings in prospective and underexplored areas in south-west Burkina Faso, West Africa. The Company has significant interests in three projects located principally in the Houndé and Banfora Belts, which are considered highly prospective for gold and remain under-explored.

Sarama's 100%-owned<sup>(10)</sup> Sanutura Project is principally located within the prolific Houndé Greenstone Belt in south-west Burkina Faso and is the exploration and development focus of the Company. The project hosts the Tankoro and Bondi Deposits which have a combined mineral resource of 0.6Moz gold (Indicated) and 2.3Moz gold (Inferred)<sup>(1)</sup>.

Together, the deposits present a potential mine development opportunity featuring an initial, long-life CIL project which may be established and paid for by the significant oxide mineral resource base.

Sarama has built further optionality into its portfolio including a 467km<sup>2</sup>, 100%-owned<sup>(10)</sup> exploration position in the highly prospective Banfora Belt in south-western Burkina Faso. The Koumandara Project hosts several regional-scale structural features and trends of gold-in-soil anomalism extending for over 25km along strike.

Sarama also holds an approximate 18% participating interest in the Karankasso Project Joint Venture ("JV") which is situated adjacent to the Company's Sanutura Project in Burkina Faso and is a JV between Sarama and Endeavour Mining Corp ("Endeavour") in which Endeavour is the operator of the JV. In February 2020, an updated mineral resource estimate of 709koz gold (Inferred)<sup>(9)</sup> was declared for the Karankasso Project JV.

## CORPORATE

### Treasury

As at June 30, 2022, the Company had cash and cash equivalents of \$3,196,276.

### Second Listing on the Australian Stock Exchange

On May 2, 2022, the Company commenced trading its securities on the ASX in addition to the continued listing of its common shares on the TSXV. In conjunction with the ASX listing the Company raised gross proceeds of A\$8 million via the issue of 38,095,238 CDIs at an issue price of A\$0.21 per CDI on April 22, 2022. The Lead Manager, Euroz Hartleys Securities Limited, received 2,500,000 Broker options at an exercise price of A\$0.273, expiring three years from the date of issue. It also received a capital raising fee of 6% of total gross proceeds, excluding any funds subscribed for under an agreed Chairman's List, for which a 2% management fee was applied, plus a separate management fee of A\$75,000.

Proceeds raised pursuant to the ASX listing will be used, in part, to expedite an extensive drilling campaign at the Sanutura Project. The planned +50,000m drill program aims to augment and upgrade the currently defined mineral resources with a focus on oxide and near surface material, to test a number of high priority targets that have the potential to significantly impact project growth, and to evaluate early-stage targets.

## Use of Funds

The Company confirms that during the quarter ended 30 June 2022, it has used the funds raised pursuant to the Company's prospectus dated 11 March 2022, in relation to its ASX listing, consistently with the "Use of Funds" statement in the prospectus. A comparison of actual expenditure since the date of admission to the official list of ASX as per ASX Listing Rule 4.7C.2 is as follows:

	Prospectus (12 month period) A\$	Actual Q2 FY22 A\$	Actual Total A\$
<b>Sanutura Project</b>			
• Exploration activities	4,264,000	671,531	671,531
• Barrick TZ payment	1,500,000	1,727,409	1,727,409
<b>Koumandara Project</b>	466,000	45,546	45,546
Karankasso Project	-	-	-
Business and corporate development	995,000	-	-
Corporate general and administrative expenses and working capital	1,000,000	317,975	317,975
Costs of the Offer	775,000	704,532	704,532
<b>TOTAL</b>	<b>9,000,000</b>	<b>3,466,994</b>	<b>3,466,994</b>

The table above does not include expenditure between the period of filing the prospectus (11 March 2022) and the Company's admission to the ASX (28 April 2022) of approximately A\$870,000 which consisted of exploration activities of A\$430,000, Corporate general and administrative expenses and working capital of A\$286,000 and costs of the Offer of A\$154,000.

## Summary of Material Variances

For the quarter ended 30 June 2022, the Company was within its expenditure program since admission to listing on the ASX except for the following:

Payment to Barrick TZ Limited was higher than anticipated due to an unfavourable movement in the AUDUSD exchange rate.

## Payments to Related Parties

For the quarter ended 30 June 2022, payments of \$206,252 were made to related parties and/or their associates, which comprised remuneration for the CEO & Managing Director, Chief Financial Officer, Vice President Corporate Development, Vice President Exploration and Non-Executive Director fees.

## EXPLORATION AND EVALUATION EXPENDITURES

During the current quarter the Company incurred exploration expenditure of \$1,334,319

The costs per active project area per each quarter for the current period ending June 30, 2022 and preceding four quarters is as follows;

	Three months ended <b>June 30, 2021</b>	Three months ended <b>September 30, 2021</b>	Three months ended <b>December 31, 2021</b>	Three months ended <b>March 31, 2022</b>	Three months ended <b>June 30, 2022</b>
Sanutura	172,046	196,526	228,437	202,567	1,283,898
Koumandara	27,184	27,417	39,521	37,112	48,333
Other – Burkina Faso **	-	5,157	-	-	-
<b>Total</b>	<b>199,230</b>	<b>229,100</b>	<b>267,958</b>	<b>239,679</b>	<b>1,334,319</b>

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

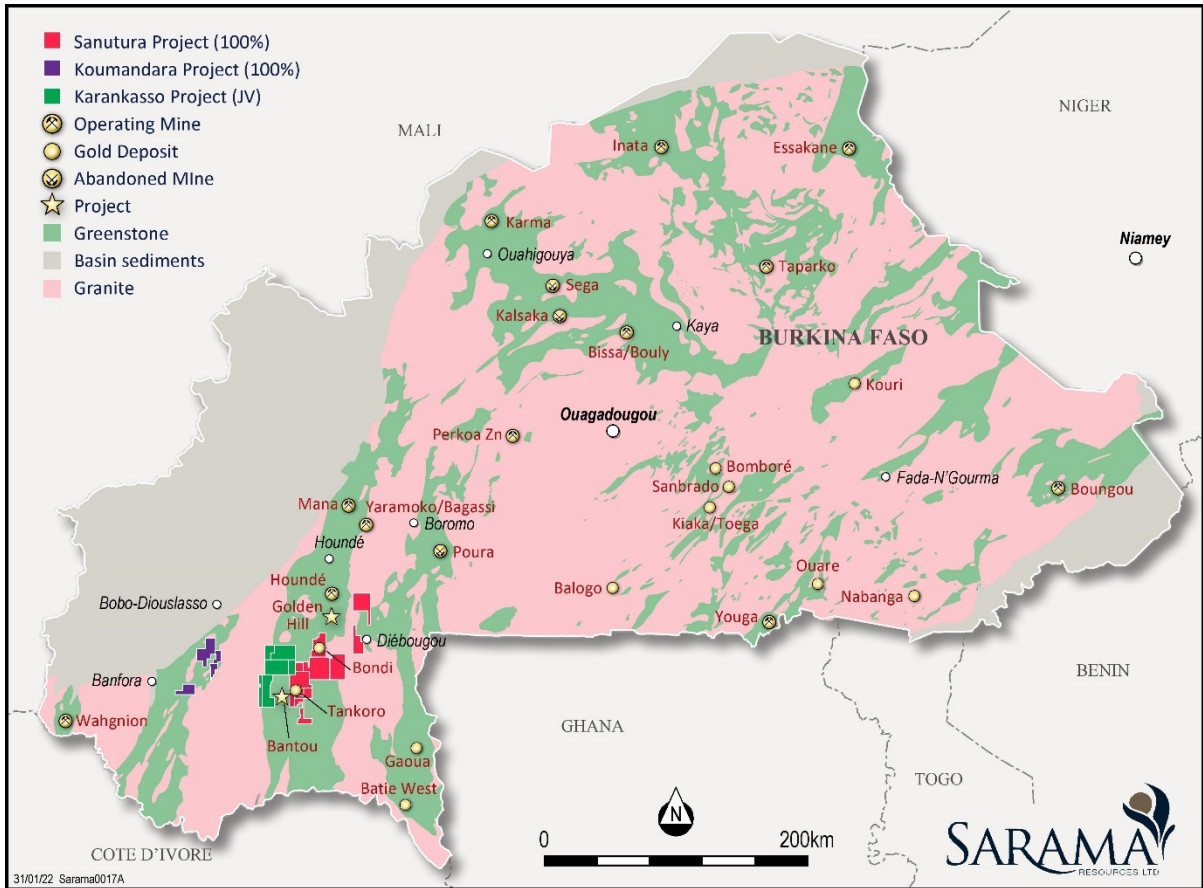
For the quarter ended June 30, 2022, the Company incurred exploration expenditure of \$1.334 million. Expenditure incurred at the Sanutura Project was \$1.284m which included costs associated with the drilling program of \$993k (drilling \$667k, assays \$261k, contract labour \$36k, Fuel \$22k and other consumables \$7k), permit renewals (\$4k), plus allocation of camp, technical support and administration (\$287k). Costs at Koumandara Project of \$48k included permit renewals (\$2k) and allocation of camp, technical support and administration (\$46k).

## PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES AND OUTLOOK

### Burkina Faso

The Company has interests, directly and indirectly, in mineral properties covering an area of approximately 2,600km<sup>2</sup> located principally within the southern Houndé and Banfora Greenstone Belts, in south-west Burkina Faso (refer Figure 1). The exploration activities are primarily focussed within 2 geographical areas:

- 1. The southern Houndé Belt hosting the**
  - a. Sanutura Project; and
  - b. Karankasso Project and;
- 2. The northern Banfora Belt hosting the**
  - a. Koumandara Project.



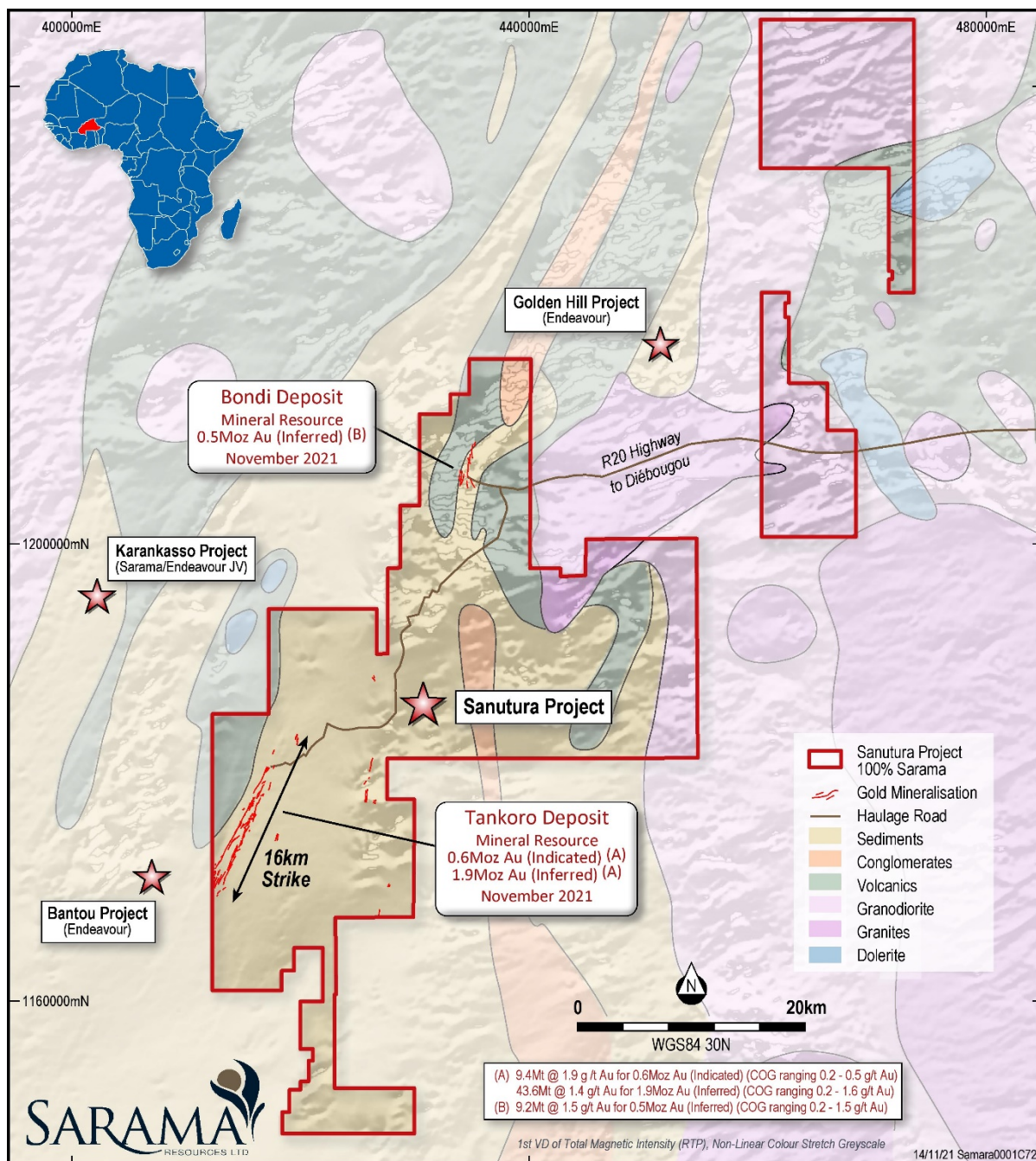
**Figure 1 – Location of Sarama’s Projects in South-West Burkina Faso**

**Sanutura Project**

Property Information

The primary focus of the Company has been the advancement of its 100%-owned<sup>(10)</sup> Sanutura Project covering approximately 1,420km<sup>2</sup> (refer Figure 2) in south-west Burkina Faso. The Sanutura Project is an advanced-stage exploration project that hosts a significant, well-defined mineral resource base and a suite of exploration targets.

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**Figure 2 Sanutura Project – Tankoro and Bondi Deposits within Sanutura Project**

The Sanutura Project is located in the southern Houndé Belt, which hosts Endeavour’s Mana and Houndé Gold Mines and Fortuna Silver Mines Inc.’s Yaramoko Gold Mine and recent +1Moz Au discoveries including Endeavour’s Golden Hill and Kari Pump deposits and the Bantou and Bantou Nord deposits which are approximately 6km west of the Tankoro Deposit at Sarama’s Sanutura Project.

On November 16, 2021 the Company announced an updated mineral resource estimate for the **Sanutura Project**<sup>(1)</sup> of:

- **9.4Mt @ 1.9g/t Au for 0.6Moz gold** (Indicated); and
- **52.7Mt @ 1.4g/t Au for 2.3Moz gold** (Inferred).

This is comprised of mineral resources for the Tankoro Deposit of **9.4Mt @ 1.9g/t Au for 0.6Moz Au** (Indicated) and **43.6Mt @ 1.4g/t Au for 1.9Moz** (Inferred)<sup>(2)</sup> and the Bondi Deposit of **9.2Mt @ 1.5g/t Au for 0.5Moz** (Inferred)<sup>(3)</sup>.

The Sanutura Project’s mineral resource contains a significant higher-grade component of **6.3Mt @ 2.5g/t Au** for **0.5Moz gold** (Indicated) plus **29.8Mt @ 1.9g/t Au for 1.8Moz gold** (Inferred)<sup>(4)</sup> using a 1.0g/t Au cut-off. This



highlights the presence of higher-grade zones within the greater mineralised system which will be the focal point for development. Infill drilling in certain higher-grade areas provides considerable geological confidence, allowing for the classification of a significant part of the mineral resources as 'indicated'.

The combined oxide and transition component of the project's mineral resource totals **0.2Moz gold** (indicated) plus **0.8Moz gold** (inferred)<sup>(5)</sup>, representing approximately a third of the total mineral resource. The Company's exploration focus going forward will be on this near-surface oxide material, which is anticipated to provide significant, early plant feed to support a potential staged development of the Sanutura Project.

Exploration by the Company has identified a number of targets within the Sanutura Project which have the potential to make meaningful additions to the mineral resource base of the project, namely:

- a primary exploration target of **3.5-4.3Mt @ 1.2-1.4g/t Au** for **135-190koz Au**<sup>(6)</sup> for the Tankoro Deposit, consisting of modelled and estimated (but unclassified) mineralisation contained within open pit shell and underground blockouts which constrain the mineral resource;
- a primary exploration target of **2.5-3.1Mt @ 0.9-1.1g/t Au** for **70-100koz Au**<sup>(7)</sup> for the Bondi Deposit, consisting of modelled and estimated (but unclassified) mineralisation contained within open pit shell and underground blockouts which constrain the mineral resource;
- a secondary exploration target of **12.0-14.7Mt @ 1.2-1.4g/t Au** for **0.5-0.7Moz Au**<sup>(8)</sup> for the Tankoro Deposit, consisting of modelled and estimated mineralisation located outside of open pit shell and underground blockouts which constrain the mineral resource;
- 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;
- a large area of artisanal workings at the Bamako 2 Property, measuring approximately 3km-long x 2km-wide, where numerous, subparallel gold-bearing quartz veins, extending for over 3km in strike length have been exposed. Gold-in-soil surveys returned peak values of **13.6g/t Au** and drilling 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; and
- numerous extensional and additional targets throughout the project generated from soil geochemistry and geophysical surveys.

While the potential quantity and grade of these exploration targets is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource, they present viable exploration targets for the Company to pursue.

A technical report prepared in accordance with Canadian National Instrument ("NI 43-101") titled "NI 43-101 Technical Report, Sanutura Project, South-West Burkina Faso" and dated February 7, 2022, supporting the updated mineral resource is available on SEDAR ([www.sedar.com](http://www.sedar.com)). There are no material differences in the technical information contained in the technical report compared to the disclosure in the November 16, 2021 news release regarding the estimate of mineral resources for the Sanutura Project.

#### Trailing Reimbursement Payment to Barrick

On May 14, 2019, the Company announced that it had executed a definitive agreement (the "**Termination Agreement**") with Acacia Mining plc (now Barrick TZ Ltd "**Barrick**") that provided for the termination of the 2014 earn-in agreement between the two companies in respect of the South Houndé Project (an aggregation of 7 exploration properties which are now part of the Sanutura Project). The Termination Agreement provided for Sarama to resume operatorship and regain a 100% interest in the properties.

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

On June 24, 2020, the Company announced that Barrick agreed to defer the \$1 million trailing reimbursement payable on November 18, 2020 to January 15, 2022 inclusive of interest at an annual rate of 10%. On November 18, 2021 Barrick agreed to further defer the \$1 million payable by an additional year to January 15, 2023 ("**Maturity Date**") inclusive of interest at an annual rate of 12.5% effective from November 18, 2021. The

Company is required to repay the liability, inclusive of accrued interest, if it completes any financing with gross proceeds of \$3.5 million or greater prior to the Maturity Date. As a result of the equity raise on the ASX, the Company paid Barrick \$1,190,012 in May 2022

#### Activities Completed in Q2 2022

- Sarama continued to liaise with the Ministry of Mines and Quarries after it made notification to the Company of the successful applications for the granting of the Tankoro 2 and Gbingue 2 Exploration Permits. These permits cover substantially the same area as the predecessor Tankoro and Gbingue Exploration Permits which had expired and were required to be re-issued. The new Exploration Permits have an initial term of 3 years and are renewable for an addition two 3-year terms, subject to satisfaction by the Company of certain conditions including the filing of progress reports and the attainment of minimum exploration expenditures. Sarama has paid the requisite processing fees and the issuance of the Exploration Permits' *arrêtés* and related paperwork is an administrative process which are expected to be completed in due course.<sup>(10)</sup>
- Technical planning for the re-commencement of exploration drilling at the project was progressed to final design stage. The drilling program is primarily designed to grow the oxide and transition component of the mineral resource by testing for extensions and additions within the area of the Tankoro and Bondi Deposits. Previous technical work has identified an abundance of high-probability targets over multiple prospect areas and these will be the initial focus of drilling. The Company's highest priority exploration targets are currently situated in the northern permits of the Sanutura Project and testing of these is expected to commence early in the 2022-2023 exploration season.
- The Company completed its refurbishment of the Norkama Exploration Camp, which serves as the base for exploration programs in the southern part of the Sanutura Project. Works included repairs to the fuel storage facility, upgrading of the satellite communications system, maintenance of the office block and accommodation facility and re-establishment of the market garden.
- Sarama undertook several community and local government liaison sessions as part of its preparations for the recommencement of exploration. The sessions were well attended, and dialogue focused on the Company's plans for drilling, its mode of interaction with local communities and plans for local employment. Sarama continues to enjoy excellent community and local government support for its field activities and has strived to foster this mutually beneficial relationship.
- In May 2022, following the completion of the Company's equity raising and admittance to the ASX, exploration drilling commenced in the southern portion of the Sanutura Project. The program marks the recommencement of exploration works on the project after a significant hiatus and has been primarily designed to increase the oxide component of the current multi-million ounce gold mineral resource. The drilling initially focused on the Obi Prospect where shallow, high-priority targets had been identified, before moving onto other areas including the Kenobi, Djimbake, MM and MC Prospects. Due to exploration commencing well into the field season, the Company took steps to maximise available field time by commencing drilling in the south of the Project where early seasonal rains have the greatest potential to impact drilling and field work.
- At the end of Q2 2022, a total of approximately 13,900m aircore ("**AC**") and 2,500m reverse-circulation ("**RC**") drilling had been completed. Some assays for the program had been received and were compiled with an expectation that reporting of results will commence in Q3 2022.
- In May 2022, pursuant to the Termination Agreement in respect of certain exploration properties comprising the Sanutura Project, the Company repaid Barrick \$1,190,012 being the \$1 million trailing reimbursement plus interest.

#### Subsequent Activity Post Q2 2022

- Drilling in the southern area of the Project continued during the first part of Q3 2022. The onset of poor weather conditions associated with the wet season impeded access to certain prospect areas and the drilling focus was moved to regional exploration targets at the Kolepar and Zanawa Prospects, both of which are located in the north of the Project.
- Drilling activities were terminated in late-July 2022 due to the onset of seasonal rains resulting in boggy access conditions to drill targets and high levels of groundwater being encountered.

- On 9 August 2022, the Company reported results for an initial 1,700m drilling of the +50,000m drill program that was commenced in May 2022. The drilling has extended gold mineralisation in multiple directions at the Obi Prospect and discovered a new 1.8 kilometre long trend for exploration.

An extensive zone of flat-lying mineralisation in shallow, oxide material has been delineated, extending approximately 950m along strike and up to 300m down-dip with mineralisation remaining open down-dip (refer Figures 3 and 4). These results deliver on one of the Company's near-term objectives of growing the 0.2Moz gold (indicated) plus 0.8Moz gold (inferred)<sup>(5)</sup> oxide component of the Project's mineral resource.

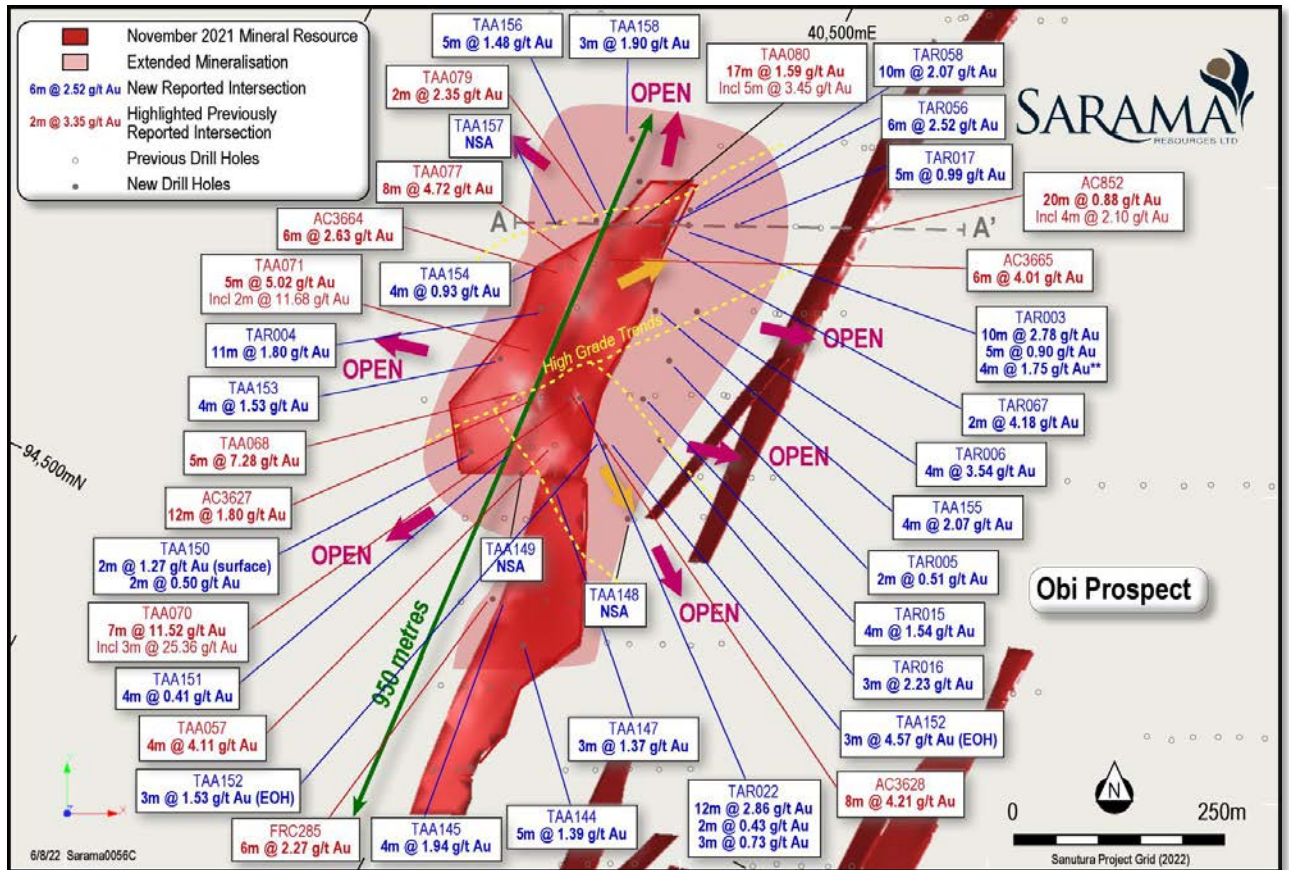
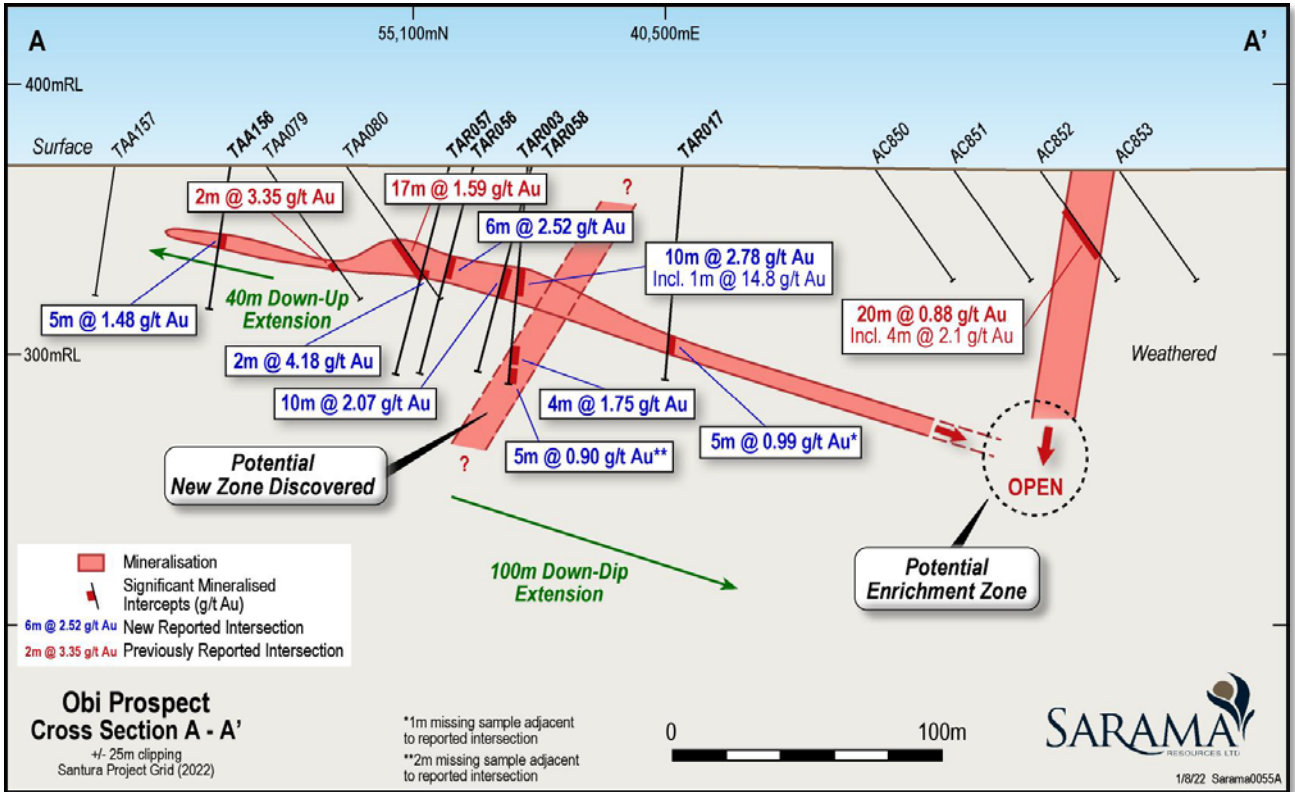


Figure 3 - Obi Prospect - Drilling & Mineralisation Plan



**Figure 4 –Southern Obi Prospect – Drilling Cross Section A-A' (View to North-East)**

Mineralisation in the area presents as gold-quartz veins, which is significantly different to the more densely drilled areas of the deposit, illustrating diversity in both the geometry and composition of the gold-bearing lodes. The recent drilling follows-up on previously reported (refer Appendix B in the prospectus filed with the Australian Securities and Investments Commission and SEDAR on March 11, 2022), high-tenor downhole intersections occurring in oxide material which include:

- 7m @ 11.52g/t Au (ending in mineralisation) from 31m in TAA070 (including 3m @ 25.36g/t Au);
- 8m @ 4.72g/t Au from 34m in TAA077;
- 5m @ 7.26g/t Au from 16m in TAA068;
- 8m @ 4.21g/t Au from 34m in AC3628;
- 5m @ 5.02g/t Au from 22m in TAA071 (including 2m @ 11.68g/t Au);
- 6m @ 4.01g/t Au from 36m in AC3665;
- 17m @ 1.59g/t Au from 34m in TAA080 (including 5m @ 3.45g/t Au); and
- 12m @ 1.80g/t Au from 10m in AC3627.

Recently returned assay results support the interpreted geometry of the flat, easterly-dipping mineralised lodes and have delivered down-dip and up-dip extensions to mineralisation (refer Figures 2 and 3). Several new strong downhole intersections in the lower extremity, all occurring in oxide material, include:

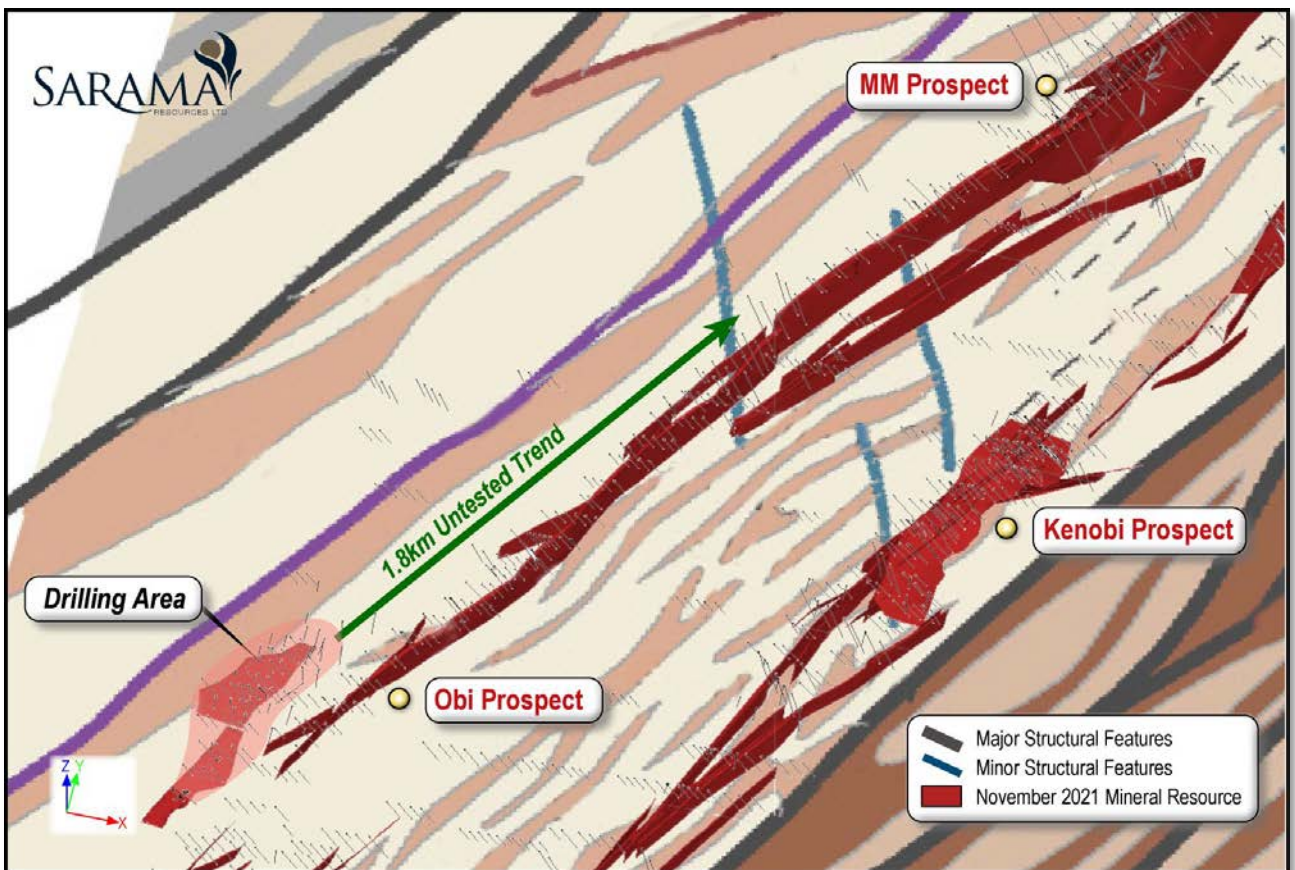
- 12m @ 2.86g/t Au from 39m in TAR022;
- 10m @ 2.78g/t Au from 38m in TAR003 (including 1m @ 14.8g/t Au);
- 10m @ 2.07g/t Au from 41m in TAR058;
- 3m @ 4.57g/t Au (ending in mineralisation) from 39m in TAA152;
- 4m @ 3.54g/t Au from 65m in TAR006; and
- 6m @ 2.52g/t Au from 36m in TAR056.

The shallow up-dip extent of the mineralisation also remains open, offering a viable exploration target to follow-up of the recently returned downhole intersections of:

- 14m @ 1.53g/t Au from 11m in TAA153;
- 11m @ 1.80g/t Au from 23m in TAR004 (including 1m @ 11.15g/t Au);
- 5m @ 1.48g/t Au from 26m in TAA156; and
- 4m @ 1.94g/t Au from 5m in TAA145.

Of note is the abundance of high-tenor intersections in the north-eastern extremity of the drilled area, which are commonly associated with a thickening of the lode(s) and the suggested presence of additional mineralised lodes from multiple intersections in single drillholes. Together, these features suggest a strengthening of the mineralised system in the north, which bodes well for future exploration given the absence of drilling for approximately 1.8km along strike (refer Figure 5).

This new target area broadly sits within the main mineralised corridor of the Project proximal to the well-defined, north-north-east striking lodes of the Mineral Resource. The area has been covered by a conventional soil geochemical survey grid and several zones of elevated gold-in-soil values have been returned within a generally mottled signature resulting from a variable and disrupted regolith. This environment can produce ambiguous surface geochemistry results, giving potential for blind and semi-blind mineralisation to be present.



**Figure 5 - Untested Trend Extents for 1.8km to North-East (Oblique View)**

## Outlook

The significant oxide and free-milling resource outlined in the November 2021 mineral resource estimate has the potential to support development of a straightforward CIL project with compelling economics based on oxide and free-milling feed alone. This in turn will allow the Company to leverage the significant resource base through a multi-stage, long life and higher output project.

Sarama will continue to investigate potential development options with historical evaluation work identifying a \$1,500/oz gold price as being a major inflection point for a material step change in the mineable resource.

The Company has commenced a resource development drill program aimed at increasing and firming up the oxide and free milling component of the mineral resource, initially targeting an inferred level classification. Additional drilling is anticipated to further increase the size and life of the oxide phase of the project prior to upgrading to stage two which will expedite access a significant inventory of high-grade fresh material. Field activities will nominally include reconnaissance and mapping, AC and RC drilling and metallurgical testwork to better characterise transition zones to support feasibility work anticipated to commence in 2023.

This exploration field work recommenced in earnest following the completion of the Company's ASX listing and has an immediate focus on oxide and free-milling targets at the Obi, Kenobi, MM and MC Prospects. Planning for additional drilling at the Bondi Deposit and regional targets is progressing. Further drill results will be reported as specific areas are compiled and interpreted.

The Company will continue to work with the relevant government authorities to expedite the issuance of the *arrêtés* for several of the properties within the Sanutura Project, including the Tankoro 2 and Djarkadougou 2 Properties.<sup>(10)</sup>

## **Koumandara Project**

### Property Information

The Koumandara Project comprises four exploration properties covering an area of approximately 467 km<sup>2</sup> in the Banfora Belt and lies approximately 80km west of the Sanutura 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 2022

- The Company undertook field visits to meet with local stakeholders and complete further reconnaissance work. This work was integrated into ongoing exploration targeting which has generated a number of high-quality exploration targets.
- Sarama continued to liaise with the Ministry of Mines and Quarries after it made notification to the Company of the successful applications for the granting of the Kongoroba 2 and Noumousso 2 Exploration Permits. These permits cover substantially the same area as the predecessor Kongoroba and Noumousso Exploration Permits which had expired and were required to be re-issued. The new Exploration Permits have an initial term of 3 years and are renewable for an additional two 3-year terms, subject to satisfaction by the Company of certain conditions including the filing of progress reports and the attainment of minimum exploration expenditures. Sarama has paid the requisite processing fees and the issuance of the Exploration Permits' *arrêtés* and related paperwork is an administrative process which are expected to be completed in due course.

## Outlook

The Company has developed high-quality drill targets on the Koumandara Project and has planned a 5,000m drill program to follow up high-grade scout drilling intercepts from previous programs. These programs will be progressed following re-issue of certain Exploration Permits for the project and subject to exploration target prioritisation.

## Karankasso Project

### Property Information

The Karankasso Project (“**Karankasso**”) is comprised of 6 exploration covering approximately 700km<sup>2</sup> and is located approximately 400 kilometres southwest of Ouagadougou, in Burkina Faso. The Karankasso Project can be accessed by a paved highway with both rail and grid power coming within approximately 65 kilometres.

In September 2014, the Company established a JV 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. In 2019, Semafo Inc. (“**Semafo**”) completed the acquisition of Savary and in July 2020, Endeavour completed the acquisition of Semafo, resulting in it becoming Sarama’s joint venture partner in the Karankasso Project.

On February 24, 2020, Semafo announced an updated inferred mineral resource estimate<sup>(9)</sup> of 12.74Mt @ 1.73g/t Au for 709,000 oz of contained gold of which Sarama’s equity interest is approximately 125,000 oz gold (based on Sarama’s approximate 17.6% project interest as at March 31, 2022).

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 2022

- The operator continued with the systematic review of historical exploration data, re-logging drilling undertaken by the previous two operators and re-doing geological maps and models to bring the previous work up to an acceptable standard.

### Outlook

Endeavour plans to continue with its data integration, including results from recently completed soils and geophysical campaigns, and use the results of this work to improve understanding of the Karankasso Project geology and mineralisation to support future exploration campaigns. The Company anticipates minor drilling activity may recommence on this project in late 2022, subject to issuance of exploration permits of the Ministry of Mines and Quarries.

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

## SELECTED AUDITED FINANCIAL INFORMATION

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

Please refer to Results of Operations for analysis of Operations for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021.

	2022	2021	2020
	\$	\$	\$
Interest income – quarter	2,373	311	1,044
Net loss – quarter	1,761,289	479,474	280,164
Net loss per share for the quarter - basic and diluted (cents)	1.4	0.5	0.3
Total assets	5,412,828	2,760,978	3,136,011
Total liabilities	1,548,729	1,583,401	1,328,363



## RESULTS OF OPERATIONS

Quarter ended June 30, 2022 and 2021

	Q2 2022 \$	Q2 2021 \$	Variance \$
<b>Income</b>			
Interest income	2,373	311	2,062
	2,373	311	2,062
<b>Expenses</b>			
Accounting and audit	5,313	5,859	546
Directors' fees	25,850	27,164	1,314
Insurance	17,129	20,538	3,409
Finance charges	13,724	25,852	12,128
Marketing and investor relations	81,884	5,816	(76,068)
Office and general	37,261	26,847	(10,414)
Professional fees	3,879	10,816	6,937
Salaries	154,494	167,054	12,560
Travel	27,137	-	(27,137)
Foreign exchange (gain)/loss	260,354	(9,970)	(270,324)
Total general and administration	627,025	279,976	(347,049)
Exploration expenditure as incurred	1,334,319	199,224	(1,135,095)
Depreciation	1,008	585	(423)
Fair value (gain) on warrants carried at fair value through profit or loss	(198,690)	-	198,690
<b>Net loss</b>	<b>1,761,289</b>	<b>479,974</b>	<b>(1,281,315)</b>

The Company reported a loss of \$1,761,289 (\$0.014 per share) for the quarter ended June 30, 2022 compared to a loss of \$479,974 (\$0.005 per share) for the quarter ended June 30, 2021 (negative variance \$1,281,315).

Marketing and investor relations expense increased from \$6k in Q2 2021 to \$82k in Q2 2022 (negative variance \$76k) due to increased marketing in conjunction with the dual listing on the ASX. Travel costs increased due to attendance at conferences. Office and General costs increased by \$10k in the current quarter compared to Q2 2021 due to an increase in compliance and shareholder registry costs due to the second listing on the ASX. Foreign exchange loss of \$260k in Q2 2022 compared to a foreign exchange gain in Q2 2021 of \$10k (negative variance \$270k) represented revaluation of cash held in Australian and Canadian dollars against a strengthening US dollar this quarter.

Fair value gain on warrants in Q2 2022 of \$199k represented revaluation, at June 30, 2022, of shareholder warrants included in the private placement issued on July 28, 2021.

Exploration expenditure in Q2 2022 included commencement of the +50,000m drill program at the Sanutura Project following the successful listing on the ASX. A summary of the main expenditure costs are included on page 3.

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**Six Month Period ended June 30, 2022 and 2021**

	YTD 2022 \$	YTD 2021 \$	Variance \$
<b>Income</b>			
Interest income	2,404	405	1,999
	2,404	405	1,999
<b>Expenses</b>			
Accounting and audit	10,599	11,141	542
Directors' fees	53,378	54,465	1,087
Finance charges	49,829	51,380	1,551
Insurance	33,705	37,428	3,723
Marketing and investor relations	127,437	45,500	(81,937)
Office and general	101,640	73,711	(27,929)
Professional fees	14,310	11,632	(2,678)
Salaries	306,447	341,987	35,540
Travel	27,137	-	(27,137)
Foreign exchange (gain)/loss	270,322	(12,503)	(282,825)
Total general and administration	994,804	614,741	(380,063)
Exploration expenditure as incurred	1,573,998	444,108	(1,129,890)
Depreciation	1,529	1,169	(360)
Stock-based compensation	188,063	513,112	325,049
Fair value (gain) on financial assets carried at fair value through profit or loss	(72,189)	-	72,189
<b>Net loss</b>	<b>2,683,801</b>	<b>1,572,725</b>	<b>(1,111,076)</b>

The Company reported a loss of \$2,683,801 (\$0.023 per share) for the six month period ended June 30, 2022, compared to a loss of \$1,572,725 (\$0.017 per share) for the six month period ended June 30, 2021 (negative variance \$1.111m).

Marketing and investor relations expense increased from \$45k in the current six month period to June 30, 2022, to \$127k in the six month period to June 30, 2021 (negative variance \$82k) due to increased marketing in conjunction with the dual listing on the ASX. Travel costs increased due to attendance at conferences. Office and General costs increased by \$28k in the current six month period compared to H1 2021 due to an increase in compliance and shareholder registry costs due to the second listing on the ASX. Foreign exchange loss of \$270k in H1 2022 compared to a foreign exchange gain in H1 2021 of \$13k (negative variance \$283k) represented revaluation of cash held in Australian and Canadian dollars against a strengthening US dollar this year.

Fair value gain on warrants in H1 2022 of \$72k represented revaluation, at June 30, 2022, of shareholder warrants included in the private placement issued on July 28, 2021.

Exploration expenditure in H1 2022 included commencement of the +50,000m drill program at the Sanutura Project following the successful listing on the ASX. A summary of the main expenditure costs are included on page 3

Stock-based compensation was less in H1 2022 compared to H1 2021 (positive variance \$325k) due to a reduction in the number of options granted and a decline in fair value per option as a result of a decrease in volatility in Sarama's share price.

## 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, 2022	2,373	(1,761,289)	(1.4)	(1.4)
March 31, 2022	31	(922,512)	(0.9)	(0.9)
December 31, 2021	62	(596,538)	(0.6)	(0.6)
September 30, 2021	401	(438,356)	(0.5)	(0.5)
June 30, 2021	311	(479,474)	(0.5)	(0.5)
March 31, 2021	94	(1,093,251)	(1.2)	(1.2)
December 31, 2020	330	(725,672)	(0.8)	(0.8)
September 30, 2020	518	(470,637)	(0.6)	(0.6)

On October 7, 2020, Sarama implemented a consolidation of its issued and outstanding Shares on a 3 old for 1 new share basis (the "Share Consolidation"). For the quarters ending September 30, 2020 and prior, the earnings per share have been restated for comparative purposes.

The primary driver for the variance in net profit and loss across multiple quarterly periods is due to the expensing of exploration expenditure programs.

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, 2022 the Company had working capital surplus of \$2,246,281 (December 31, 2021: \$294,174 deficit). Working capital is defined as current assets less current liabilities.

On April 22, 2022 the Company received gross proceeds of A\$8 million from its listing on the ASX.

### COMMON SHARE DATA (as at August 12, 2022)

Common shares outstanding	137,922,169
Options issued to directors, executive officers, and a consultant	9,980,000
Warrants issued to shareholders and agents	9,030,183
Common shares outstanding assuming exercise of all options and warrants	<u>156,932,352</u>

### 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 June 1, 2016. The Company's Annual Information Form is published at [www.sedar.com](http://www.sedar.com).

## OFF-BALANCE SHEET TRANSACTIONS

During the period ended June 30, 2022 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 IASB, effective as of March 31, 2021. The Company's significant accounting policies are described in note 2 of the Company's consolidated financial statements for the year ended December 31, 2021 and 2020 and note 2 of the Company's condensed interim consolidated financial statements for the period ended June 30, 2022 and 2021.

## CHANGES IN ACCOUNTING STANDARDS

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the period ended June 30, 2022 and 2021, are consistent with those applied and disclosed in the Company's annual consolidated financial statements.

The Company has reviewed all the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company and effective for the current reporting period. As a result of this review, the Company has determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

The Company has also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended June 30, 2022. As a result of this review the Company has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Footnotes

- 1. Mineral resource estimate for Sanutura Project - 9.4Mt @ 1.9g/t Au for 0.6Moz Au (Indicated) plus 52.7Mt @ 1.4g/t Au for 2.3Moz (Inferred), reported at cut-off grades ranging 0.2-1.6g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction. The effective date of the Company's mineral resource estimate is November 16, 2021.*
- 2. Tankoro Deposit component of the Sanutura Project's mineral resource - 9.4Mt @ 1.9g/t Au for 0.6Moz Au (Indicated) plus 43.6Mt @ 1.4g/t Au for 1.9Moz (Inferred), reported at cut-off grades ranging 0.2-1.6g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction.*
- 3. Bondi Deposit component of the Sanutura Project's mineral resource - 9.2Mt @ 1.5g/t Au for 0.5Moz Au (Inferred), reported at cut-off grades ranging 0.2-1.5g/t Au, reflecting the mining methods and processing flowsheets assumed to assess the likelihood of the mineral resources to have reasonable prospects for eventual economic extraction.*
- 4. Higher grade component of the Sanutura Project's mineral resource - 6.3Mt @ 2.5g/t Au for 0.5Moz Au (Indicated) plus 29.8Mt @ 1.9g/t Au for 1.8Moz (Inferred) reported at a cut-off grade of 1.0g/t Au for all material types.*
- 5. Oxide & transition component of the Sanutura Project's mineral resource - 3.2Mt @ 1.6g/t Au for 0.2Moz Au (Indicated) plus 23.4Mt @ 1.1g/t Au for 0.8Moz Au (Inferred), reported above cut-off grades of 0.2g/t Au and 0.3g/t Au for oxide and transition material respectively.*
- 6. Tankoro Deposit primary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 3.1Mt @ 1.1g/t Au for 113koz Au (open pit) and 0.8Mt @ 2.0g/t Au for 53koz Au*

(underground) reported at cut-off grades of 0.5g/t Au and 1.6g/t Au respectively. This material has low geological, spatial and estimate confidence and cannot be considered as a mineral resource but is contained within the open pit and underground mining shapes used to constrain the reported mineral resource.

7. Bondi Deposit primary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 2.8Mt @ 1.0g/t Au for 88koz Au (open pit) reported at cut-off grade of 0.3g/t Au. This material has low geological, spatial and estimate confidence and cannot be considered as a mineral resource but is contained within the open pit and underground mining shapes used to constrain the reported mineral resource.
8. Tankoro Deposit secondary exploration target - expressed as a +/-10% range of modelled and estimated mineralisation of 13.4Mt @ 1.3g/t for 0.6Moz Au reported at a cut-off grade of 1.0g/t Au. This material encompasses all weathering types and all geological classifications and is located outside the constraining open pit shells and underground blockouts used to categorise the modelled mineralisation as having reasonable prospects for eventual economic extraction.
9. Karankasso Project mineral resource estimate – the current mineral resource estimate for the Karankasso Project of 12.74Mt @ 1.73g/t Au for 709koz Au (Inferred) (effective date of December 31, 2019) was disclosed on February 24, 2020 by Semafo Inc ("**Semafo**", since acquired by Endeavour). For further information regarding that mineral resource estimate, refer to the news release "Semafo: Bantou Project Inferred Resources Increase to 2.2Moz" dated February 24, 2020 and "Semafo: Bantou Project NI43-101 Technical Report – Mineral Resource Estimate" dated April 3, 2020. The news release and technical report are available under Semafo's and Endeavour's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The mineral resource estimate was fully prepared by, or under the supervision of Semafo. Sarama has not independently verified Semafo's mineral resource estimate and takes no responsibility for its accuracy. Semafo, and now Endeavour, is the operator of the Karankasso Project JV and Sarama is relying on their Qualified Persons' assurance of the validity of the mineral resource estimate. Additional technical work has been undertaken on the Karankasso Project since the effective date but Sarama is not in a position to quantify the impact of this additional work on the mineral resource estimate referred to above.
10. The Government of Burkina Faso has processed the requisite documents to facilitate the grant of the new, full-term Tankoro, Djarkadougou 2, Kongoroba 2 and Noumousso 2 Exploration Permits (the "**Permits**") and subsequently issued the invitation to pay the permit issuance fees (the "**Fees**") and the Fees were paid within the requisite 10-day timeline. Following the payment of the Fee, the issuance of the Permit's arrêté and related paperwork becomes an administrative process during which time the Company may undertake work on the Tankoro 2, Djarkadougou 2, Kongoroba 2 and Noumousso 2 Properties. The Company expects the arrêts and related paperwork to be issued in due course. The properties, hosting the Tankoro and Bondi Deposits respectively, were formerly known as Tankoro and Djarkadougou, but have been renamed as part of the process of re-issuing the respective Permits.

### Qualified Persons' Statement

Scientific or technical information in this disclosure that relates to the preparation of the mineral resource estimate for the Sanutura Project is based on information compiled or approved 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 and a Competent Person under the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). Paul Schmiede consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to the metallurgical testwork at the Bondi Deposit is based on information compiled or approved 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 and a Competent Person under the JORC Code. Paul Schmiede consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to tank-based and oxidative metallurgical testwork and mineral processing is based on information compiled or approved by Fred Kock. Fred Kock is an

employee of Orway Mineral Consultants Pty Ltd and is considered to be independent of Sarama Resources Ltd. Fred Kock is a Fellow 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 and a Competent Person under the JORC Code. Fred Kock consents to the inclusion in this news release of the information, in the form and context in which it appears.

Scientific or technical information in this disclosure that relates to exploration activities at the Sanutura Project 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 and a Competent Person under the JORC Code. 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 and exploration activities 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 and a Competent Person under the JORC Code. 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 Semafo's (now Endeavour's) mineral resource estimate and take no responsibility for its accuracy.

The exploration results and Mineral Resource estimates referred to in this announcement were first disclosed in accordance with ASX Listing Rules 5.7 and 5.8 in the Company's ASX Prospectus dated 11 March 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX prospectus and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the prospectus continue to apply and have not materially changed.