



SAMA RESOURCES INC.

*Interim Condensed Consolidated Financial Statements*

For the three-month and nine-month periods ended September 30, 2017 and 2016.

TSX-V: SME

# SAMA RESOURCES INC.

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## **Notice to Reader**

The accompanying unaudited interim condensed consolidated financial statements of Sama Resources Inc. (the "Company") for the three-month and nine-month periods ended on September 30, 2017 and 2016 have been prepared by the management and are its responsibility. These unaudited interim condensed consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

# SAMA RESOURCES INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2017 and December 31, 2016

(Unaudited - in Canadian dollars)

	Notes	September 30, 2017	December 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,083,064	2,579,417
Trade and other amounts receivable		20,598	14,914
Taxes receivable		50,940	45,672
Prepaid expenses and deposits		216,061	33,186
		<u>4,370,663</u>	<u>2,673,189</u>
<b>Non-current assets</b>			
Property and equipment	5	478,259	313,812
Exploration and evaluation assets	6	22,143,841	19,894,317
		<u>22,622,100</u>	<u>20,208,129</u>
<b>Total assets</b>		<u>26,992,763</u>	<u>22,881,318</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		225,140	614,765
<b>Total liabilities</b>		<u>225,140</u>	<u>614,765</u>
<b>EQUITY</b>			
Share capital	7	30,321,574	27,862,489
Contributed surplus	8	4,241,821	3,082,518
Deficit		(10,428,469)	(9,848,691)
<b>Total shareholders' equity</b>		24,134,926	21,096,316
Non-controlling interests	4	2,632,697	1,170,237
<b>Total equity</b>		<u>26,767,623</u>	<u>22,266,553</u>
<b>Total liabilities and shareholders' equity</b>		<u>26,992,763</u>	<u>22,881,318</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

On behalf of the Board of Directors,

**Signed:** “Marc Fillion”, Director

**Signed:** “Todd Hilditch”, Director

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# SAMA RESOURCES INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month and nine-month periods ended on

(Unaudited - in Canadian dollars)

		Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Notes		\$	\$	\$	\$
<b>Revenue</b>		-	2,350	-	73,816
<b>Direct costs</b>		-	(26,566)	-	(94,355)
<b>Gross profit (loss) (excluding depreciation)</b>		-	(24,216)	-	(20,539)
<b>Operating expenses</b>					
Depreciation	5	829	1,041	3,612	4,537
Consulting fees		124,075	71,945	286,612	109,228
Professional fees		58,170	50,581	170,176	157,591
Investor relations fees		3,000	1,836	77,000	2,033
Office administration		36,449	74,527	143,867	214,373
Office supplies, utilities and rent		29,115	17,196	99,126	57,556
Insurance		4,052	4,027	33,760	20,102
Travel and representation		24,325	12,875	134,153	24,131
Shareholder information		2,798	3,319	18,930	8,152
Transfer agent and filing fees		17,380	8,227	51,850	20,394
Stock-based compensation	8	340,260	32,620	1,585,121	120,336
Total operating expenses		<u>640,453</u>	<u>278,194</u>	<u>2,604,207</u>	<u>738,433</u>
<b>Loss before other expenses (income)</b>		640,453	302,410	2,604,207	758,972
<b>Other expenses (income)</b>					
Foreign exchange loss (gain)		52,719	6,845	90,251	(12,114)
Interest income		-	-	-	(128)
Gain on disposal of property and equipment		-	(40,614)	-	(6,155)
		<u>52,719</u>	<u>(33,769)</u>	<u>90,251</u>	<u>(18,397)</u>
<b>Net loss and comprehensive loss</b>		<u>693,172</u>	<u>268,641</u>	<u>2,694,458</u>	<u>740,575</u>
<b>Net loss attributable to:</b>					
Sama shareholders		419,319	268,641	1,810,418	740,575
Non-controlling interests		<u>273,853</u>	<u>-</u>	<u>884,040</u>	<u>-</u>
		<u>693,172</u>	<u>268,641</u>	<u>2,694,458</u>	<u>740,575</u>
<b>Basic and diluted net loss per common share attributable to Sama shareholders</b>		<u>0.003</u>	<u>0.002</u>	<u>0.021</u>	<u>0.007</u>
<b>Weighted average number of common shares outstanding</b>		<u>136,955,775</u>	<u>113,718,330</u>	<u>129,687,868</u>	<u>110,571,639</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## SAMA RESOURCES INC.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month periods ended September 30, 2017 and 2016

(Unaudited - in Canadian dollars)

	Notes	Share capital		Contributed	Deficit	Total	Non-controlling	Total
		Number	\$	surplus		attributable to the owners of the parent company		
				\$	\$	\$	\$	\$
<b>Balance on January 1st, 2016</b>		108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597	-	20,021,597
Issuance of units under private placements	7	6,550,500	655,050	-	-	655,050	-	655,050
Issuance costs		-	(32,404)	13,624	-	(18,780)	-	(18,780)
Stock-based compensation	8	-	-	120,336	-	120,336	-	120,336
Net loss and comprehensive loss		-	-	-	(740,575)	(740,575)	-	(740,575)
<b>Balance on September 30, 2016</b>		<u>114,905,287</u>	<u>27,500,014</u>	<u>2,705,157</u>	<u>(10,167,543)</u>	<u>20,037,628</u>	<u>-</u>	<u>20,037,628</u>
<b>Balance on January 1st, 2017</b>		118,955,287	27,862,489	3,082,518	(9,848,691)	21,096,316	1,170,237	22,266,553
Issuance of units under private placements	7	18,000,488	2,700,075	-	-	2,700,075	-	2,700,075
Issuance costs		-	(240,990)	119,684	-	(121,306)	-	(121,306)
Issuance of common shares and units by a subsidiary	4	-	-	-	-	-	3,031,638	3,031,638
Effects of changes in ownership of a subsidiary	4	-	-	-	1,230,640	1,230,640	(1,230,640)	-
Stock-based compensation	4 and 8	-	-	1,039,619	-	1,039,619	545,502	1,585,121
Net loss and comprehensive loss		-	-	-	(1,810,418)	(1,810,418)	(884,040)	(2,694,458)
<b>Balance on September 30, 2017</b>		<u>136,955,775</u>	<u>30,321,574</u>	<u>4,241,821</u>	<u>(10,428,469)</u>	<u>24,134,926</u>	<u>2,632,697</u>	<u>26,767,623</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# SAMA RESOURCES INC.

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month and nine-month periods ended on

(Unaudited - in Canadian dollars)

		Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
Notes				\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>					
<b>OPERATING ACTIVITIES</b>					
Net loss for the period		(693,172)	(268,641)	(2,694,458)	(740,575)
Items not affecting cash		-	-		
Depreciation	5	829	1,041	3,612	4,537
Stock-based compensation	8	340,260	32,620	1,585,121	120,336
Gain on disposal of property and equipment		-	(40,614)	-	(6,155)
		<u>(352,083)</u>	<u>(275,594)</u>	<u>(1,105,725)</u>	<u>(621,857)</u>
Change in non-cash working capital items					
Trade and other amounts receivable		(1,696)	25,784	(5,684)	27,173
Taxes receivable		54,696	(27,786)	(5,268)	-
Prepaid expenses and deposits		(142,579)	(4,327)	(182,875)	6,226
Accounts payables and accrued liabilities		36,547	25,860	(413,723)	60,423
Unearned revenue		-	-	-	(2,692)
		<u>(53,032)</u>	<u>19,531</u>	<u>(607,550)</u>	<u>91,130</u>
		<u>(405,115)</u>	<u>(256,063)</u>	<u>(1,713,275)</u>	<u>(530,727)</u>
<b>INVESTING ACTIVITIES</b>					
Acquisition of property and equipment	5	(9,267)	-	(235,327)	(2,218)
Disposal of property and equipment	5	-	206,015	-	226,642
Exploration and evaluation expenditures	6 and 9	(633,792)	(214,167)	(2,158,158)	(523,356)
		<u>(643,059)</u>	<u>(8,152)</u>	<u>(2,393,485)</u>	<u>(298,932)</u>
<b>FINANCING ACTIVITIES</b>					
Issuance of units		-	390,000	2,700,075	655,050
Issuance of common shares and units by a subsidiary	4	2,984,438	-	3,031,638	-
Issuance costs		-	(8,054)	(121,306)	(18,780)
		<u>2,984,438</u>	<u>381,946</u>	<u>5,610,407</u>	<u>636,270</u>
<b>Increase (decrease) in cash during the period</b>		<u>1,936,264</u>	<u>117,731</u>	<u>1,503,647</u>	<u>(193,389)</u>
<b>Cash and cash equivalents, beginning of period</b>		<u>2,146,800</u>	<u>180,551</u>	<u>2,579,417</u>	<u>491,671</u>
<b>Cash and cash equivalents, end of period</b>		<u><u>4,083,064</u></u>	<u><u>298,282</u></u>	<u><u>4,083,064</u></u>	<u><u>298,282</u></u>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 1. NATURE OF OPERATIONS AND GOING CONCERN

Sama Resources Inc. ("Sama " or the "Company") is a Canadian-based mineral exploration and development business with activities in Africa. The Company was incorporated on July 11, 2006 under the Business Corporations Act of British Columbia. On May 13, 2013, the Company continued its jurisdiction of incorporation from British Columbia into the federal jurisdiction of Canada under the Canada Business Corporations Act. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SME.V". The Company's head office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete exploration and development programs and, ultimately, upon future profitable production.

These interim condensed consolidated financial statements were authorized for publication by the Board of Directors on November 6, 2017.

The Company's exploration and evaluation assets are located in the Republic of Côte d'Ivoire ("Côte d'Ivoire") and the Republic of Guinea ("Guinea"), Africa, and hence are subject to the risks normally associated with foreign investment including unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

#### *Going concern uncertainty*

These interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the nine-month period ended September 30, 2017 of \$2,694,458 (for the year ended December 31, 2016 – \$905,792) and has an accumulated deficit of \$10,428,469 (December 31, 2016 – \$9,848,691). In addition, the Company had working capital of \$4,145,523 as at September 30, 2017 (December 31, 2016 – \$2,058,424), including cash and cash equivalents of \$4,083,064 (December 31, 2016 – \$2,579,417). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. Based on the extent of the Company's current development plan and anticipated exploration, the Company will need to raise additional financing within the next 6-12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these interim condensed consolidated financial statements. In addition, the Company is subject to Côte d'Ivoire permit and license renewals, and will depend on outside parties and governmental authorities for continued exploration of its properties, as described in Note 6.

These interim condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 2. REVERSE TAKEOVER TRANSACTION

Pursuant to the terms and conditions of a Share Exchange Agreement, signed on August 5, 2016, between Sama and Section Rouge Media Inc. ("SRM"), SRM acquired on December 31, 2016, 100% of the issued and outstanding shares of Sama Resources Guinee SARL ("Sama Guinee"), a wholly-owned subsidiary of Sama in exchange of 24,658,267 common shares of SRM at a deemed price of \$0.10 per share. This transaction resulted in a Reverse Takeover (the "Reverse Takeover" or the "Transaction") of SRM by Sama's subsidiary Sama Guinee, resulting in Sama acquiring 49.16% of SRM's outstanding common shares. Following the completion of the Reverse Takeover, SRM changed its name to Sama Graphite Inc ("SRG").

This transaction thus is recognized in substance as if Sama Guinee had proceeded to the issuance of share and options to acquire SRM's net assets together with a concurrent private placement of \$1,755,000.

As a result of the Transaction, Sama's 100% ownership in Sama Guinee was exchanged for a 49.16% ownership interest in SRG. Even considering the fact that Sama doesn't own the majority of the common shares issued and outstanding of SRG, Sama determined that they still control SRG as the remaining shares of SRG are relatively widely held. Since the Transaction doesn't result in a change of control over Sama Guinee, Sama continues to consolidate the financial results of Sama Guinee in its consolidated financial statements and consolidated SRG's other activities since the acquisition date.

The Transaction is accounted as a capital transaction and as such the excess of the net assets contributed to the consolidated Sama group over the net assets attributable to SRG's non-controlling interests has been credited to the deficit attributable to Sama shareholders at December 31, 2016.

### NOTE 3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The Company's interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2016. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016 which have been prepared according to IFRS as issued by the IASB.

#### Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis. In addition, these interim condensed financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### Basis of consolidation

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all companies over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The subsidiaries of the Company are as follows:

Subsidiaries	Jurisdiction of incorporation	September 30, 2017 % of ownership	December 31, 2016 % of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Côte d'Ivoire	100%	100%
SRG Graphite Inc. (formerly Sama Graphite Inc. "SRG")	Canada	44%	49%
Sama Resources Guinee SARL ("Sama Guinee")	Guinea	44%	49%

SRG's common shares are listed on the TSX-V under symbol "SRG.V".

#### Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI maybe initially measured either at fair value or at the NCI's proportionate share of the recognized amounts of the acquirees identifiable net assets. The choice of measurement is made on a transaction by transaction basis. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net loss and comprehensive loss is recognized directly in equity. Total Comprehensive loss of subsidiaries is attributed to the shareholders of the Company and to the NCI even if this results in the NCI having a deficit balance. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

#### Functional and presentation currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar. The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. The determination of the functional currency may involve certain judgments as to defining the primary economic environment, and the parent entity will reconsider the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment in which these entities operate.

The interim condensed consolidated financial statements are presented in Canadian dollars.

#### Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim condensed consolidated statement of loss and comprehensive loss.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty and which are subject to an insignificant risk of change in value.

On September 8, 2017, in connection with the second tranche of a non-brokered private placement, SRG received proceeds of \$900,000 and are being held in escrow pending the approval of the TSX-V. Upon receipt of TSX-V approval, SRG will issue a total of 2,250,000 units at a price of \$0.40 per unit for gross proceeds of \$900,000. Each unit will be comprised of one common share of SRG and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.50 per share for a period of 24 months from the date of issuance. Approval from the TSX-V was obtained on October 25, 2017.

### NOTE 4. NON-CONTROLLING INTERESTS

The Company has a controlling interest in SRG as at September 30, 2017 and December 31, 2016. The non-controlling interests of SRG reflected in the consolidated statement of financial position is as follows:

	September 30, 2017	December 31, 2016
	\$	\$
Non-controlling interests, beginning of period	1,170,237	-
Loss allocated to non-controlling interests	(884,040)	-
Stock-based compensation allocated to non-controlling interests	545,502	-
Issuance of common shares and units	3,031,638	1,976,458
Changes in ownership interest	<u>(1,230,640)</u>	<u>(806,221)</u>
Non-controlling interests, end of period	<u>2,632,697</u>	<u>1,170,237</u>

SRG financial information as at September 30, 2017 and December 31, 2016 and for the nine-month period ended September 30, 2017 can be obtained from its publicly available consolidated financial statements. Summarized consolidated financial information, before intragroup eliminations, of SRG is as follows:

	September 30, 2017	December 31, 2016
	\$	\$
<b>Balance sheet</b>		
Assets	4,874,048	2,949,322
Liabilities	178,994	647,518
Equity	4,695,054	2,301,804
<b>Comprehensive loss</b>		
Revenue	-	-
Net loss and comprehensive loss	1,672,312	744,496
<b>Cash flows</b>		
Operating activities	(1,050,847)	(163,221)
Investing activities	(1,064,970)	245,674
Financing activities	2,714,688	2,178,155

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 5. PROPERTY AND EQUIPMENT

	Exploration equipments	Land and buildings	Other equipments	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance as at January 1st, 2016	1,342,080	41,861	80,582	1,464,523
Acquisitions	-	2,218	-	2,218
Disposals	(491,438)	-	(4,781)	(496,219)
Balance as at December 31, 2016	850,642	44,079	75,801	970,522
Acquisitions	219,685	-	15,642	235,327
Balance as at September 30, 2017	<u>1,070,327</u>	<u>44,079</u>	<u>91,443</u>	<u>1,205,849</u>
<b>Accumulated amortization</b>				
Balance as at January 1st, 2016	738,414	19,061	62,144	819,619
Depreciation	97,824	4,781	5,308	107,913
Disposals	(267,354)	-	(3,468)	(270,822)
Balance as at December 31, 2016	568,884	23,842	63,984	656,710
Depreciation	64,232	3,036	3,612	70,880
Balance as at September 30, 2017	<u>633,116</u>	<u>26,878</u>	<u>67,596</u>	<u>727,590</u>
<b>Carrying amount</b>				
Balance as at December 31, 2016	<u>281,758</u>	<u>20,237</u>	<u>11,817</u>	<u>313,812</u>
Balance as at September 30, 2017	<u>437,211</u>	<u>17,201</u>	<u>23,847</u>	<u>478,259</u>

A depreciation of \$3,612 (\$5,308 for the year ended December 31, 2016) was recorded in the consolidated statement of loss and comprehensive loss and \$67,268 (\$102,605 for the year ended December 31, 2016) was recorded under Exploration and evaluation assets.

### NOTE 6. EXPLORATION AND EVALUATION ASSETS

#### Samapleu Property

On January 15, 2009 ("Effective Date"), Sama Nickel entered into a Syndicate Agreement ("SA") with La Société pour le Développement Minier de la Côte d'Ivoire ("SODEMI"), a parastatal organization, whereby Sama Nickel has indicated a particular interest in the exploration of an area covered by Permit No. 123 ("PR123"), held by SODEMI, located in Côte d'Ivoire. PR123 encompasses approximately 446 square kilometres.

Upon execution of the SA, Sama Nickel became responsible to finance exploration work programs on behalf of the SA during the exploration phase of the project through completion of a Bankable Feasibility Study ("BFS"). SODEMI will not contribute to work conducted under the SA.

On October 25, 2015, Sama Nickel and SODEMI extended certain terms of PR123 resulting in an exploration license extension to June 25, 2017. On June 9, 2017, before the license extension expired, Sama Nickel and SODEMI filed a request for a Mining Permit (Permis d'Exploitation (PE)) for an area of 160 square kilometres within the Samapleu exploration license as well as a request for an Exploration Permit (Permis de Recherche (PR)) for the remaining area of the Samapleu PR123, located west of the PE.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

While the authorities are studying the requests, Sama Nickel is allowed to perform exploration and evaluation work on the Samapleu PR123 license. As of today, there is no indication that the Permits will not be granted. However, a whole or partial impairment of the value of the Samapleu Property will be required should Sama Nickel fails to obtain the Permits.

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,876,952 as at September 30, 2017) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC which represent a total amount of \$19,033,183 as at September 30, 2017.

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Côte d'Ivoire Government	10%
	<u>100%</u>

If the AC decides not to proceed with the project, SODEMI may, at its sole discretion, terminate the SA and SODEMI would become the owner of all results of the exploration works and all studies associated with infrastructures, for no financial consideration.

The Samapleu Property is subject to a 1% net smelter return royalty.

#### Lola Graphite Property

Sama Guinee owns four licenses to explore a combined 187 square kilometers of property in eastern Guinea. In accordance with the licenses, Sama Guinee must complete an exploration program of GNF 9,361,376,000 (approximately \$1,302,030 as at September 30, 2017) by August 29, 2018. The Lola Graphite Property is 100% owned by Sama Guinee.

#### Worofla Property

On November 7, 2012, Sama CI obtained Permit No. 301 ("PR301") which initially covered 400 square kilometers of property in Côte d'Ivoire. On October 13, 2015, Sama CI applied for the renewal of Permit No. 301. Upon renewal, the Worofla Property will be reduced to 300 square kilometers and Sama CI will have to complete an exploration program of F CFA 390,590,000 (\$877,987 as at September 30, 2017) by October 13, 2018. The Worofla Property is 100% owned by Sama CI and is located 130 kilometres northeast of the Samapleu Property.

As of today, there is no indication that the Permit will not be renewed. However, a whole or partial impairment of the value of the Worofla Property will be required should Sama CI not reach an agreement to renew the Permit.

#### Zérégouiné Property

On December 19, 2012, Sama CI obtained Permit No. 300 ("PR300") which initially covered 394 square kilometers of property in Côte d'Ivoire. On July 11, 2017, the Permit was renewed for three years and as per legislation, the surface area was reduced to 290 square kilometers. This reduction in the surface area did not required an impairment of capitalized E&E assets since Sama CI did not ceased area were exploration and evaluation expenditures were done. In accordance with PR300, Sama CI must complete an exploration program of F CFA 614,000,000 (\$1,380,178 as at September 30, 2017) by December 19, 2018. The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

#### Grata Property

On December 9, 2015, Sama CI obtained Permit No. 604 ("PR604") which covers 80 square kilometers of property in Côte d'Ivoire. In accordance with PR604, Sama CI must complete an exploration program of F CFA 663,000,000 (approximately \$1,490,323 as at September 30, 2017) by December 9, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

The following table shows the exploration and evaluation expenditures by property.

	December 31, 2015	Activity	December 31, 2016	Activity	September 30, 2017
	\$	\$	\$	\$	\$
<b>Samapleu property</b>					
Property acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Assaying	111,925	-	111,925	-	111,925
Geology and prospecting	2,251,827	117,871	2,369,698	94,986	2,464,684
Geophysics	1,044,062	16,796	1,060,858	2,718	1,063,576
Geochemistry	511,016	928	511,944	4,662	516,606
Drilling	4,693,619	16,968	4,710,587	222,651	4,933,238
Metallurgical tests	144,156	-	144,156	7,556	151,712
Airborn survey	-	-	-	13,000	13,000
Environmental study	-	-	-	77,606	77,606
Technical analysis	-	-	-	484,920	484,920
Camp operations, field supplies and other expenses	4,452,722	178,887	4,631,609	151,823	4,783,432
	<u>17,641,811</u>	<u>331,450</u>	<u>17,973,261</u>	<u>1,059,922</u>	<u>19,033,183</u>
<b>Lola Graphite property</b>					
Geology and prospecting	55,197	57,829	113,026	132,740	245,766
Geophysics	16	10,148	10,164	38,532	48,696
Geochemistry	12,140	-	12,140	110,082	122,222
Drilling	24,439	235	24,674	299,924	324,598
Metallurgical tests	5,345	7,829	13,174	110,571	123,745
Environmental study	-	-	-	145,038	145,038
Camp operations, field supplies and other expenses	317,707	162,470	480,177	225,663	705,840
	<u>414,844</u>	<u>238,511</u>	<u>653,355</u>	<u>1,062,550</u>	<u>1,715,905</u>
<b>Worofla property</b>					
Geology and prospecting	1,364	-	1,364	-	1,364
Geophysics	5,912	-	5,912	-	5,912
Camp operations, field supplies and other expenses	3,399	192	3,591	762	4,353
	<u>10,675</u>	<u>192</u>	<u>10,867</u>	<u>762</u>	<u>11,629</u>

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

	December 31, 2015	Activity	December 31, 2016	Activity	September 30, 2017
	\$	\$	\$	\$	\$
<b>Zéréguiné property</b>			-		
Geology and prospecting	205,476	122,553	328,029	11,166	339,195
Geophysics	121,792	-	121,792	-	121,792
Geochemistry	8,674	-	8,674	-	8,674
Drilling	258,194	15,869	274,063	2,729	276,792
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	-	-	-	1,430	1,430
Camp operations, field supplies and other expenses	<u>372,704</u>	<u>53,033</u>	<u>425,737</u>	<u>50,231</u>	<u>475,968</u>
	970,416	191,455	1,161,871	65,556	1,227,427
<b>Grata property</b>					
Geology and prospecting	-	8,050	8,050	7,500	15,550
Geophysics	-	16,700	16,700	-	16,700
Drilling	-	36,927	36,927	2,639	39,566
Airborn survey	-	-	-	5,000	5,000
Environmental study	-	-	-	1,301	1,301
Camp operations, field supplies and other expenses	<u>-</u>	<u>33,286</u>	<u>33,286</u>	<u>44,294</u>	<u>77,580</u>
	<u>-</u>	<u>94,963</u>	<u>94,963</u>	<u>60,734</u>	<u>155,697</u>
<b>Total exploration and evaluation assets</b>	<u><u>19,037,746</u></u>	<u><u>856,571</u></u>	<u><u>19,894,317</u></u>	<u><u>2,249,524</u></u>	<u><u>22,143,841</u></u>

### NOTE 7. SHARE CAPITAL

#### Authorized

Unlimited number of voting common shares without par value.

#### Transactions on share capital

#### 2016

On May 19, 2016, the Company completed the first tranche of a non-brokered private placement by issuing 2,650,500 units at a price of \$0.10 per unit for total gross proceeds of \$265,050. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.15 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. The Company paid a cash commission of \$8,050 and issued 80,500 finders' warrants. Each finders' warrant will entitle the holder to purchase one common shares at a price of \$0.15 per share for a period of 60 months from the date of issuance. The fair value of the 80,500 finders' warrants was estimated at \$6,724 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 111.94%, risk free rate of return 0.75%, and expected maturity of five years. The Company also incurred \$2,675 in legal, accounting and filing fees associated with this private placement, which were included as issuance costs.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 7. SHARE CAPITAL (Continued)

On July 29, 2016, the Company closed the second tranche of a non-brokered private placement by issuing 3,900,000 units at a price of \$0.10 per unit for total gross proceeds of \$390,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.15 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. The Company paid a cash commission of \$2,800 and issued 98,000 finder's warrants. Each finders' warrant will entitle the holder to purchase one common shares at a price of \$0.15 per share for a period of 60 months from the date of issuance. The fair value of the 98,000 finders' warrants was estimated at \$6,900 using the Black & Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 111.88%, risk free rate of return 0.60%, and expected maturity of five years. The Company also incurred \$5,255 in legal, accounting and filing fees associated with this private placement, which were included as issuance costs.

#### 2017

On April 19, 2017, the Company completed the first tranche of a non-brokered private placement by issuing 13,807,161 units at a price of \$0.15 per unit for total gross proceeds of \$2,071,075. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.20 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. In the event that the closing price of the Company's common shares is \$0.30 or greater per common share during a 20 consecutive-trading-day period at any time after the closing date, the warrants will expire, at the sole discretion of the Company, 30 days after the date on which the Company provides notice of such fact to the holders thereof. The Company paid a cash commission of \$92,766 and issued 698,440 finders' warrants. Each finders' warrant will entitle the holder to purchase one common share at a price of \$0.20 per share for a period of 60 months from the date of issuance. The fair value of the 698,440 finders' warrants was estimated at \$107,357 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 111.20%, risk free rate of return 0.91%, and expected maturity of five years. The Company also incurred \$16,540 in legal and filing fees, which are included as issuance costs.

On April 25, 2017, the Company completed the second tranche of a non-brokered private placement by issuing 4,193,327 units at a price of \$0.15 per unit for total gross proceeds of \$629,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.20 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. In the event that the closing price of the Company's common shares is \$0.30 or greater per common share during a 20 consecutive-trading-day period at any time after the closing date, the warrants will expire, at the sole discretion of the Company, 30 days after the date on which the Company provides notice of such fact to the holders thereof. The Company paid a cash commission of \$12,000 and issued 80,000 finders' warrants exercisable at a price of \$0.20 per share for a period of 60 months from the date of issuance. The fair value of the 80,000 finders' warrants was estimated at \$12,327 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 111.60%, risk free rate of return 0.97%, and expected maturity of five years.

#### Warrants

The following table shows Sama's changes in warrants:

	September 30, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of period	26,302,440	0.22	19,004,434	0.25
Granted	18,778,928	0.20	10,779,000	0.15
Expired	(1,200)	0.28	(3,480,994)	0.20
Outstanding and exercisable, end of period	<u>45,080,168</u>	<u>0.21</u>	<u>26,302,440</u>	<u>0.22</u>

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 7. SHARE CAPITAL (Continued)

The number of outstanding warrants that could be exercised for an equal number of Sama's common shares is as follows:

Expiration date	September 30, 2017		December 31, 2016	
	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	\$		\$	
February 5, 2017 (a)	-	-	0.28	182,109
June 19, 2018	0.28	5,811,092	0.28	5,811,092
August 8, 2018	0.28	180,909	-	-
August 26, 2020	0.25	5,295,240	0.25	5,295,240
September 14, 2020	0.25	4,234,999	0.25	4,234,999
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	3,998,000	0.15	3,998,000
December 9, 2021	0.15	4,050,000	0.15	4,050,000
April 19, 2022	0.20	14,505,601	-	-
April 25, 2022	0.20	4,273,327	-	-
		<u>45,080,168</u>		<u>26,302,440</u>

(a) On September 8, 2016, the Board of Directors approved the extension of the expiry date of 180,909 warrants issued on February 6, 2015 and expiring on February 5, 2017. The original expiry date has been extended for an additional 18 months until August 8, 2018. Using the Black & Scholes valuation model an additional value was calculated and recorded has an increase in contributed surplus as well as an increase of deficit during the year ended December 31, 2016.

### NOTE 8. STOCK OPTIONS

Sama and SRG have a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than \$0.05, being the minimum exercise price allowable under TSX-V policy.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 8. STOCK OPTIONS (Continued)

The following table shows Sama's changes in stock options:

	September 30, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	8,975,000	0.25	9,285,000	0.26
Granted	3,600,000	0.12	450,000	0.15
Expired	(575,000)	0.36	(650,000)	0.40
Cancelled	-	-	(110,000)	0.30
	<u>12,000,000</u>	<u>0.21</u>	<u>8,975,000</u>	<u>0.25</u>
Outstanding, end of period				
	<u>9,662,500</u>	<u>0.22</u>	<u>8,737,500</u>	<u>0.25</u>
Exercisable, end of period				

The table below presents a summary of Sama's outstanding stock options:

	September 30, 2017		December 31, 2016		
Expiry date	Exercise price	Number outstanding	Number exercisable	Number outstanding	Number exercisable
	\$				
January 29, 2017	0.38	-	-	175,000	175,000
February 12, 2017	0.35	-	-	400,000	400,000
June 6, 2017 (a)	0.32	-	-	1,400,000	1,400,000
October 14, 2017 (a)	0.33	-	-	1,000,000	1,000,000
January 22, 2018	0.22	55,000	55,000	55,000	55,000
June 3, 2018	0.22	1,400,000	1,400,000	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000	100,000	100,000
January 21, 2019	0.23	1,145,000	1,145,000	1,145,000	1,145,000
October 15, 2019	0.28	300,000	300,000	300,000	300,000
June 29, 2021	0.15	400,000	300,000	400,000	200,000
August 31, 2021	0.115	50,000	37,500	50,000	12,500
June 6, 2022	0.18	1,000,000	250,000	-	-
June 6, 2022 (a)	0.32	1,400,000	1,400,000	-	-
June 21, 2022	0.155	200,000	50,000	-	-
October 14, 2022 (a)	0.33	1,000,000	1,000,000	-	-
April 21, 2025	0.19	2,350,000	2,350,000	2,350,000	2,350,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	950,000	-	-
March 31, 2027	0.150	500,000	125,000	-	-
		<u>12,000,000</u>	<u>9,662,500</u>	<u>8,975,000</u>	<u>8,737,500</u>

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 8. STOCK OPTIONS (Continued)

(a) On April 28, 2017, the Board of Directors approved the extension of the expiry date of 1,400,000 stock options issued on June 6, 2012 and expiring on June 6, 2017 and 1,000,000 stock options issued on October 14, 2012 and expiring on October 14, 2017. The original expiry date has been extended for an additional 60 months until June 6, 2022 and October 14, 2022. Using the Black & Scholes valuation model an additional value of \$343,930 was calculated and recorded has an increase in contributed surplus as well as an increase of the stock-based compensation.

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	September 30, 2017	December 31, 2016
Weighted average price at the grant date	0.12 \$	0.10 \$
Weighted average exercise price	0.12 \$	0.15 \$
Expected dividend	- \$	- \$
Expected average volatility	103.1 %	113.9 %
Risk-free average interest rate	1.36 %	0.56 %
Expected average life	8.33 years	5 years
Weighted fair value per stock option	0.09 \$	0.07 \$

The expected volatility was determined using the historical data of Sama according to the expected life of the stock options.

An expenses for stock-based compensation of \$551,198 was recognized by Sama during the nine-month period ended September 30, 2017 (for the nine-month period ended September 30, 2016 - \$120,336) of which \$343,930 is related to the extension of original expiry dates as described above.

SRG has also a stock option plan for which an expense for stock-based compensation of \$1,033,923 was recognized during the nine-month period ended September 30, 2017 (for the nine-month period ended September 30, 2016 - nil).

### NOTE 9. ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flows:

	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
			\$	\$
Exploration and evaluation assets included in accounts payable and accrued liabilities	47,847	(217,733)	24,098	345,379
Depreciation included in Exploration and evaluation assets	15,809	(60,048)	67,268	94,137
Fair value of finders warrants included in issuance costs	-	(6,709)	119,684	13,624

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 10. RELATED PARTIES

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Key management personnel are the members of the Board of Directors, the President and the Chief Financial Officer ("CFO"). The remuneration of key management personnel includes the following:

#### Transactions with key management personnel

During the nine-month period ended September 30, 2017, the Company incurred accounting fees of \$81,400 (for the nine-month period ended September 30, 2016 – \$64,582) with the CFO. These fees are recorded under professional fees.

During the nine-month period ended September 30, 2017, the Company incurred legal fees of \$13,500 (for the nine-month period ended September 30, 2016 – \$nil) with an officer. These fees are recorded under professional fees.

During the nine-month period ended September 30, 2017, the Company paid a salary of \$20,250 (for the nine-month period ended September 30, 2016 – \$21,375) with to an officer. These fees are recorded under office administration.

During the nine-month period ended September 30, 2017, the Company incurred consulting fees of \$138,753 (for the nine-month period ended September 30, 2016 – \$169,588) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of \$12,334 (for the nine-month period ended September 30, 2016 – \$36,017) has been recorded under consulting fees and \$111,004 (for the nine-month period ended September 30, 2016 – \$133,569) has been capitalized to the Company's exploration and evaluation assets.

During the nine-month period ended September 30, 2017, Sama recognized a stock-based compensation of \$82,302 (for the nine-month period ended September 30, 2016 – \$86,309) in connection with stock options granted to officers and directors and \$201,729 in connection with the expiry date extension of stock options previously granted to officers and directors.

During the nine-month period ended September 30, 2017, SRG recognized a stock-based compensation of \$463,953 (for the nine-month period ended September 30, 2016 – nil) in connection with stock options granted to officers and directors.

As part of Sama's private financing completed in April 2017, officers and directors of Sama purchased a total of 1,859,997 units at a price of \$0.15 per unit for total proceeds of \$279,000.

As at December 31, 2016, an amount of \$188,665 was due to corporations controlled by a director or officer. These amounts are included in accounts payable and accrued liabilities.

#### Transactions with other related parties

During the nine-month period ended September 30, 2017, the Company incurred \$5,390 for legal fees and \$4,791 for office supplies, utilities and rent (for the nine-month period ended September 30, 2016 – \$10,777 for legal fees and \$28,193 for office supplies, utilities and rent) with corporations with a director or officers in common.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 10. RELATED PARTIES (Continued)

#### Termination and Change of Control Provisions

Certain employment agreements between the executive team, Sama and SRG contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause on September 30, 2017, the total amounts payable to the executive team in respect of severance would have totaled \$329,000. If a change of control had occurred on September 30, 2017, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled \$329,000.

However, the severance payable to the President and Chief Executive Officer would be paid jointly between Sama and SRG since the services performed under the agreement are to be allocated between both companies on the pro-rata basis on the time spent to each company.

### NOTE 11. COMMITMENTS

Sama has an operating lease commitment for office premises in Vancouver, British Columbia, Canada, expiring in July 31, 2018, which will call for total rent payments of \$12,500 (\$3,750 in 2017 and \$8,750 in 2018).

Sama has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, expiring in November 30, 2017 which will require a total payment of F CFA 900,000 (approximately \$2,023 at September 30, 2017).

Sama and SRG have entered into consulting agreements expiring until April 2018 which will call for total payments of \$513,471 (\$322,971 in 2017 and \$190,500 in 2018).

Minimum annual payments relating to the above commitments in each of the next fiscal years are as follows:

	\$
2017	328,744
2018	<u>199,250</u>
	<u>527,994</u>

On June 7, 2017, Sama signed a technology license agreement with CVMR Corporation ("CVMR"). Under the terms of the agreement, CVMR grants Sama use of its technology to refine the mineralized material from the Samapleu property in Ivory Coast, West Africa, to produce nickel and iron powders. In consideration of the technology license, Sama has agreed to pay CVMR \$5,000,000 either in cash or, subject to approval from the TSX-V, through the issuance of an equivalent value of common shares of Sama within 90 days of the granting of the mining license. Share price will be based on the average closing price of those shares on the exchange for each day during the three months of trading prior to issuance. In addition, CVMR will receive a royalty equal to 15% of the sale price of metal powders produced by the plants in excess of the London Metal Exchange ("LME") price of the elements contained in such powders.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 12. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at September 30, 2017 and December 31, 2016, the Company's non-current assets are located in the two geographic areas as set out below:

	September 30, 2017	December 31, 2016
	Côte D'Ivoire and Guinea	Côte D'Ivoire and Guinea
	\$	\$
Property and equipment	478,259	313,812
Exploration and evaluation assets	<u>22,143,841</u>	<u>19,894,317</u>
	<u>22,622,100</u>	<u>20,208,129</u>

### NOTE 13. SUBSEQUENT EVENTS

On October 23, 2017, Sama has entered into a binding term sheet in view of forming a strategic partnership with HPX TechCo Inc. ("HPX"), a private mineral exploration company in which mining entrepreneur Robert Friedland is a significant stakeholder, in order to develop its Cote d'Ivoire nickel-copper and cobalt project in Ivory Coast, West Africa.

As part of the term sheet, HPX would make a strategic investment in Sama of up to \$12,250,000. HPX would also have the ability to earn into a joint venture with Sama to acquire a total of up to a 60% interest in Sama's interest in the Cote d'Ivoire project, including the Samapleu project, by financing exploration expenses and completing the feasibility study through total investments of \$30,000,000.

Under the terms of the term sheet, HPX would purchase 25,000,000 units of Sama at a price of \$0.21 per unit, resulting in total proceeds to Sama of \$5,250,000. The units include 25,000,000 fully vested two-year common share purchase warrants with an exercise price of \$0.28 per share. Fully exercised, the private placement and warrant proceeds will total an investment of \$12,250,000 in Sama.

Following completion of the private placement, HPX would own approximately 11.4% of Sama's issued and outstanding common shares and 20.5% assuming the warrants are fully exercised, both on a fully diluted basis. On a non-diluted basis, HPX would own approximately 15.4% of Sama's issued and outstanding shares and 26.7% assuming only the exercise of its warrants.

The transactions contemplated by the term sheet remain subject to completion of due diligence by HPX, which is at a significantly advanced stage, and the settling and execution by HPX and Sama of definitive agreements (including a subscription agreement, an investment agreement, a joint venture and an earn-in agreement), as well as subject to approval of the applicable regulatory authorities, including the TSX Venture Exchange, final board approvals of both parties and Sama shareholder approval. The directors and officers of Sama, who collectively hold 7.26% of the outstanding common shares, have agreed to support the transaction with HPX and to vote in favour of the transactions at the Sama shareholders meeting.

On October 25, 2017, SRG announced the closing of the second tranche of the non-brokered private placement with Coris Capital SA ("Coris"). The first tranche closed on August 30, 2017 by issuing 5,250,000 units and the second tranche closed on October 24, 2017, by the issuance of 2,250,000 units for a total of 7,500,000 units at a price of \$0.40 per unit, for total gross proceeds of \$3,000,000. Each unit comprises one common share of SRG and one-half of one non-transferable share purchase warrant of SRG. Each whole warrant will entitle Coris to purchase, for a period of 24 months from the date of closing, one additional common share of SRG at an exercise price of \$0.50 per share.

In October 2017, a total of 50,000 warrants were exercised at a price of \$0.15 per share and 1,308,667 warrants at a price of \$0.20 per share for total proceeds of \$269,233 in Sama.