



SAMA RESOURCES INC.

*Interim Condensed Consolidated Financial Statements*

For the three-month and nine-month periods ended September 30, 2018 and 2017

TSX-V: SME

# SAMA RESOURCES INC.

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTICE TO READER	3
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
Interim condensed consolidated statements of financial position	4
Interim condensed consolidated statements of loss and comprehensive loss	5
Interim condensed consolidated statements of changes in shareholders' equity	6
Interim condensed consolidated statements of cash flows	7
Notes to interim condensed consolidated financial statements	8 - 23

## **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, 2018 and 2017 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, 2018 and December 31, 2017

(Unaudited - in Canadian dollars)

	Notes	September 30, 2018	December 31, 2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,096,844	4,185,560
Trade and other amounts receivable		21,479	63,964
Sales taxes receivable		97,906	79,097
Advance to a related company, without interest, reimbursable on demand		184,462	16,418
Prepaid expenses and deposits		66,297	36,577
Deferred transaction costs		-	80,142
		<u>7,466,988</u>	<u>4,461,758</u>
<b>Non-current assets</b>			
Deposit on exploration and evaluation assets		35,000	39,578
Property, plant and equipment	5	984,175	286,713
Investment in associate	6	30,238,209	30,687,029
Exploration and evaluation assets	7	23,624,949	21,111,239
		<u>54,882,333</u>	<u>52,124,559</u>
<b>Total assets</b>		<u><u>62,349,321</u></u>	<u><u>56,586,317</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		588,699	491,794
<b>Non-current liabilities</b>			
Deferred tax liability		4,773,863	4,773,863
<b>Total liabilities</b>		<u>5,362,562</u>	<u>5,265,657</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	41,488,488	34,264,927
Contributed surplus	9	4,163,685	3,750,352
Retained earnings		11,334,586	13,305,381
<b>Total equity</b>		<u>56,986,759</u>	<u>51,320,660</u>
<b>Total liabilities and equity</b>		<u><u>62,349,321</u></u>	<u><u>56,586,317</u></u>

Nature of operations and liquidity risk (Note 1)

On behalf of the Board of Directors,

**Signed:** “Benoit La Salle”, Director

**Signed:** “Marc-Antoine Audet”, 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)

Notes	Three-month period ended September 30, 2018	Three-month period ended September 30, 2017	Nine-month period ended September 30, 2018	Nine-month period ended September 30, 2017
	\$	\$	\$	\$
<b>Revenue</b>	251,084	-	371,875	-
<b>Direct costs</b>	(189,399)	-	(251,227)	-
<b>Gross profit (excluding depreciation)</b>	61,685	-	120,648	-
<b>Operating expenses</b>				
Consulting fees	127,536	124,075	430,914	286,612
Professional fees	151,400	58,170	291,422	170,176
Travel and representation	72,812	24,325	204,164	134,153
General and other expenses	71,065	33,167	208,051	132,886
Salaries and benefits	47,771	36,449	77,917	143,867
Investor relations	15,000	3,000	45,000	77,000
Transfer agent and filing fees	16,653	17,380	41,085	51,850
Shareholder information	4,340	2,798	20,741	18,930
Depreciation	2,737	829	14,529	3,612
Stock-based compensation	221,853	340,260	319,710	1,585,121
Total operating expenses	731,167	640,453	1,653,533	2,604,207
<b>Loss before other expenses (income)</b>	669,482	640,453	1,532,885	2,604,207
<b>Other expenses (income)</b>				
Foreign exchange loss	19,361	52,719	42,475	90,251
Interest income	(20,956)	-	(56,627)	-
Loss on disposal of property, plant and equipment	3,242	-	3,242	-
Share of loss and comprehensive loss of associate	210,028	-	565,742	-
Loss (gain) on dilution of associate	17,295	-	(116,922)	-
	228,970	52,719	437,910	90,251
<b>Net loss and comprehensive loss</b>	898,452	693,172	1,970,795	2,694,458
<b>Net loss attributable to:</b>				
Sama shareholders	898,452	419,319	1,970,795	1,810,418
Non-controlling interests	-	273,853	-	884,040
	898,452	693,172	1,970,795	2,694,458
<b>Basic and diluted net loss per common share attributable to Sama shareholders</b>	0.005	0.003	0.011	0.014
<b>Weighted average number of common shares outstanding</b>	188,426,410	136,955,775	177,395,681	129,687,868

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, 2018 and 2017

(Unaudited - in Canadian dollars)

	Notes	Share capital		Contributed surplus	Retained earnings (deficit)	Total attributable to the owners of the parent company	Non-controlling interest	Total
		Number	\$					
<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	8	18,000,488	2,700,075	-	-	2,700,075	-	2,700,075
Share issuance costs	8	-	(240,990)	119,684	-	(121,306)	-	(121,306)
Issuance of common shares and units by a subsidiary		-	-	-	-	-	3,031,638	3,031,638
Indirect listing of a subsidiary		-	-	-	1,230,640	1,230,640	(1,230,640)	-
Stock-based compensation	9	-	-	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>
<b>Balance on January 1st, 2018</b>		155,782,303	34,264,927	3,750,352	13,305,381	51,320,660	-	51,320,660
Issuance of units under a private placement	8	25,000,000	5,250,000	-	-	5,250,000	-	5,250,000
Share issuance costs	8	-	(138,172)	-	-	(138,172)	-	(138,172)
Exercise of warrants	8	5,889,107	1,471,241	(2,746)	-	1,468,495	-	1,468,495
Exercise of stock options	9	1,755,000	640,492	(259,392)	-	381,100	-	381,100
Stock-based compensation	9	-	-	675,471	-	675,471	-	675,471
Net loss and comprehensive loss		-	-	-	(1,970,795)	(1,970,795)	-	(1,970,795)
<b>Balance on September 30, 2018</b>		<u>188,426,410</u>	<u>41,488,488</u>	<u>4,163,685</u>	<u>11,334,586</u>	<u>56,986,759</u>	<u>-</u>	<u>56,986,759</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)

	Notes	Three-month period ended September 30, 2018	Three-month period ended September 30, 2017	Nine-month period ended September 30, 2018	Nine-month period ended September 30, 2017
		\$	\$	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>					
<b>OPERATING ACTIVITIES</b>					
Net loss for the period		(898,452)	(693,172)	(1,970,795)	(2,694,458)
Items not affecting cash					
Depreciation	5	2,737	829	14,529	3,612
Stock-based compensation	8	221,853	340,260	319,710	1,585,121
Loss on disposal of property, plant and equipment		3,242	-	3,242	-
Share of loss and comprehensive loss of associate	6	210,028	-	565,742	-
Loss (gain) on dilution of associate	6	17,295	-	(116,922)	-
		<u>(443,297)</u>	<u>(352,083)</u>	<u>(1,184,494)</u>	<u>(1,105,725)</u>
Change in non-cash working capital items					
Trade and other amounts receivable		(7,331)	(1,696)	42,485	(5,684)
Taxes receivable		(20,147)	54,696	(18,809)	(5,268)
Advance to a related company		(77,965)	-	(168,044)	-
Prepaid expenses and deposits		21,398	(142,579)	(29,720)	(182,875)
Accounts payables and accrued liabilities		(60,853)	36,547	(238,364)	(413,723)
		<u>(144,898)</u>	<u>(53,032)</u>	<u>(412,452)</u>	<u>(607,550)</u>
		<u>(588,195)</u>	<u>(405,115)</u>	<u>(1,596,946)</u>	<u>(1,713,275)</u>
<b>INVESTING ACTIVITIES</b>					
Deposit on exploration and evaluation assets		(35,000)	-	(35,000)	-
Acquisition of property, plant and equipment	5	(472,370)	(9,267)	(847,774)	(235,327)
Exploration and evaluation expenditures	6 and 9	(461,860)	(633,792)	(1,570,419)	(2,158,158)
		<u>(969,230)</u>	<u>(643,059)</u>	<u>(2,453,193)</u>	<u>(2,393,485)</u>
<b>FINANCING ACTIVITIES</b>					
Issuance of units under private placements	8	-	-	5,250,000	2,700,075
Issuance of common shares and units by a subsidiary	4	-	2,984,438	-	3,031,638
Exercise of warrants	8	-	-	1,468,495	-
Exercise of stock options	9	-	-	381,100	-
Share issuance costs	8	-	-	(138,172)	(121,306)
		<u>-</u>	<u>2,984,438</u>	<u>6,961,423</u>	<u>5,610,407</u>
<b>Increase (decrease) in cash during the period</b>		<u>(1,557,425)</u>	<u>1,936,264</u>	<u>2,911,284</u>	<u>1,503,647</u>
<b>Cash and cash equivalents, beginning of period</b>		<u>8,654,269</u>	<u>2,146,800</u>	<u>4,185,560</u>	<u>2,579,417</u>
<b>Cash and cash equivalents, end of period</b>		<u><u>7,096,844</u></u>	<u><u>4,083,064</u></u>	<u><u>7,096,844</u></u>	<u><u>4,083,064</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 LIQUIDITY RISK

Sama Resources Inc. ("Sama" or the "Company") is a Canadian-based mineral exploration and development business with activities in West 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 head office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SME.V". 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 financial statements were authorized for publication by the Board of Directors on November 26, 2018.

The Company's exploration and evaluation assets are located in the Republic of Ivory Coast ("Ivory Coast") West 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.

Management of the Company believes that it has sufficient funds or access to funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond September 30, 2019, and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and 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 or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

### NOTE 2. 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, 2017, except for new accounting standards adopted in 2018 (Note 3). 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, 2017 which have been prepared according to IFRS as issued by the IASB.

The Company reviewed the classification of its expenses. Management believes that this new classification provides a clearer picture of the Company's operations. Comparative periods have been presented accordingly. There is no other effect of this change in presentation.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of consolidation

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations 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 deconsolidated from the date that control by the Company ceases. Any retained interest is measured to its fair value with the change in carrying amount recognized in income or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or joint venture.

		September 30, 2018	December 31, 2017
Subsidiaries	Jurisdiction of incorporation	% of ownership	% of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast	100%	100%
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast	100%	-%

#### Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be 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.

#### Investment in associate

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity, but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decision affecting the entity.

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate, less any impairment losses. Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate. Unrealized profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest there in.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the end of each reporting period, management considers whether there is any evidence of impairment in associates. When there is evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount. If the recoverable amount of an investment in associate is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss in the period the reversal occurs.

#### 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 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 consolidated statements of loss and comprehensive loss.

### NOTE 3. CHANGES IN ACCOUNTING POLICIES

#### Accounting standards and interpretations issued but not yet adopted

##### *IFRS 16 - Leases*

In January 2016, the IASB issued IFRS 16, Leases, which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 with early application permitted in certain circumstances. The extent of the impact of adoption of IFRS 16 has not yet been determined.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 4. NON-CONTROLLING INTERESTS AND DECONSOLIDATION OF A SUBSIDIARY

On December 31, 2016, as part of a Reverse Takeover, the Company acquired a 49.16% ownership interest in SRG Graphite Inc. ("SRG") and determined that the Company had control over SRG. The Company assessed its investment in SRG and judged that it had maintained control over SRG as defined by IFRS 10 and continued to consolidate SRG from January 1, 2017 to November 23, 2017. Following the nomination of three additional board members and pursuant to additional equity issuances which reduced the Company's interest in SRG to 40.24% on November 23, 2017, management determined that SRG no longer required to be consolidated and now accounts for the retained investment in SRG as an investment in associate using the equity method. A gain resulting from loss of control of a subsidiary of \$28,454,689 and an equity investment in SRG of \$30,822,834 were recognized.

The carrying value of SRG's net assets deconsolidated and the gain resulting from loss of control of a subsidiary are as follows:

	November 23, 2017
	\$
Cash and cash equivalents	3,676,352
Sales taxes receivable	33,890
Prepaid expenses and deposits	19,104
Deposit on property and equipment	64,788
Property and equipment	62,926
Exploration and evaluation assets	2,311,290
Accounts payables and accrued liabilities	(283,132)
	5,885,218
Non-controlling interest	(3,517,073)
	2,368,145
Fair value of the investment in SRG	30,822,834
	28,454,689

### NOTE 5. PROPERTY, PLANT AND EQUIPMENT

	Exploration equipments	Buildings	Leasehold Improvements	Other equipments	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance as at January 1st, 2017	850,642	44,079	-	75,801	970,522
Acquisitions	227,300	-	-	15,879	243,179
Disposals	(79,845)	(2,042)	-	(54,379)	(136,266)
Deconsolidation (Note 4)	(64,381)	-	-	(4,767)	(69,148)
	933,716	42,037	-	32,534	1,008,287
Balance as at December 31, 2017	933,716	42,037	-	32,534	1,008,287
Acquisitions	762,921	-	44,762	40,091	847,774
Disposals	(1,133)	-	-	(3,343)	(4,476)
	1,695,504	42,037	44,762	69,282	1,851,585
Balance as at September 30, 2018	1,695,504	42,037	44,762	69,282	1,851,585

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Exploration equipments	Buildings	Leasehold Improvements	Other equipments	Total
	\$	\$	\$	\$	\$
<b>Accumulated amortization</b>					
Balance as at January 1st, 2017	568,884	23,842	-	63,984	656,710
Depreciation	160,445	6,188	-	7,530	174,163
Disposals	(55,298)	-	-	(47,779)	(103,077)
Deconsolidation (Note 4)	(5,676)	-	-	(546)	(6,222)
Balance as at December 31, 2017	668,355	30,030	-	23,189	721,574
Depreciation	139,198	909	2,335	4,628	147,070
Disposals	-	-	-	(1,234)	(1,234)
Balance as at September 30, 2018	<u>807,553</u>	<u>30,939</u>	<u>2,335</u>	<u>26,583</u>	<u>867,410</u>
<b>Carrying amount</b>					
Balance as at December 31, 2017	<u>265,361</u>	<u>12,007</u>	<u>-</u>	<u>9,345</u>	<u>286,713</u>
Balance as at September 30, 2018	<u>887,951</u>	<u>11,098</u>	<u>42,427</u>	<u>42,699</u>	<u>984,175</u>

During the nine-month period ended September 30, 2018, a depreciation expense of \$14,529 (\$7,530 for the year ended December 31, 2017) was recorded in the consolidated statement of loss and comprehensive loss and \$132,541 (\$166,633 for the year ended December 31, 2017) was recorded under exploration and evaluation assets.

### NOTE 6. INVESTMENT IN ASSOCIATE

On November 23, 2017, as a result of the deconsolidation of SRG (Note 4), an equity investment of \$30,822,834 was recorded based on the fair value of the shares held on that date. At that date and as at December 31, 2017, the Company's ownership in SRG was 40.24%. Management has determined that its investment in the common shares of SRG gives it significant influence over SRG. As a result, the Company applied the equity method of accounting for its investment in SRG.

During the nine-month period ended September 30, 2018, SRG issued a total of 8,142,433 shares following the completion of a public offering, a private placement and the exercise of warrants and stock options for total net proceeds of \$10,409,890. The Company's ownership in SRG went from 40.24% to 35.52%. Therefore, the Company recorded a gain on dilution of \$116,922, on the deemed disposal of its ownership interest.

The continuity of the Company's investment in SRG common shares is as follows:

	September 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	30,687,029	30,822,834
Share of loss and comprehensive loss	(565,742)	(135,805)
Gain on dilution	116,922	-
Balance, end of period	<u>30,238,209</u>	<u>30,687,029</u>

The fair value of the Company's investment in SRG as at September 30, 2018 was \$29,589,920 (December 31, 2017 - \$45,617,794).

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 6. INVESTMENT IN ASSOCIATE (Continued)

The following summarized financial information of SRG, including fair value adjustments made at the time of recognition of the interest, is as follows:

	September 30, 2018	December 31, 2017
	\$	\$
<b>Balance sheet</b>		
Current assets	7,629,062	3,332,148
Non-current assets	33,289,968	31,323,064
Current liabilities	1,384,434	573,450
Equity	14,417,320	5,627,073
<b>Net loss and comprehensive loss</b>		
Revenue	-	-
Net loss and comprehensive loss	2,391,142	2,382,586

### NOTE 7. 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 Ivory Coast. 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.

In March 2018, following discussions with the government, SODEMI withdrew its application for a Mining Permit and applied for two (2) new exploration permits covering a total area of 318 square kilometers (Samapleu-East and Samapleu-West) to replace the PR123. According to a new regulation in Ivory Coast, classified forests must be removed from any new application. Therefore, the total surface areas covered by the two (2) new applications is smaller than the initial area covered by the PR123. When granted, the two (2) new exploration permits will have a twelve-year life time. No exploration and evaluation work was performed on the classified forest area. Therefore, no partial impairment was required. While the authorities are studying the requests, Sama Nickel is allowed to perform exploration and evaluation work. As of today, there is no indication that the exploration permits will not be granted. However, a whole or partial impairment of the value of the Samapleu Property will be required should Sama Nickel fail to obtain the exploration permits.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

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 all costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,907,393 as at September 30, 2018) 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 represents a total amount of \$20,272,433 as at September 30, 2018.

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Ivory Coast 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 work and all studies associated with infrastructures, for no financial consideration.

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

#### Zérégouiné Property

On December 19, 2012, Sama CI obtained the exploration permit No. 300 ("PR300") which initially covered 387 square kilometers of property in Ivory Coast. On July 11, 2017, the exploration 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 require an impairment of capitalized E&E assets since Sama CI relinquished area where no exploration and evaluation expenditures was done. In accordance with PR300, Sama CI must complete an exploration program of F CFA 614,000,000 (\$1,402,563 as at September 30, 2018) by December 18, 2018. The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

On September 29, 2018, Sama CI filed the required documentation with the Department of Mines in Côte d'Ivoire, for the renewal of PR300.

#### Grata Property

On December 9, 2015, Sama CI obtained the exploration permit No. 604 ("PR604") which covers 80 square kilometers of property in Ivory Coast. In accordance with PR604, Sama CI must incur expenditure commitments of F CFA 663,000,000 (approximately \$1,514,494 as at September 30, 2018) before December 8, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

The following table shows the E&E expenditures by property.

	December 31, 2016	Activity	December 31, 2017	Activity	September 30, 2018
	\$	\$	\$	\$	\$
<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	2,369,698	125,148	2,494,846	36,324	2,531,170
Geophysics	1,060,858	2,718	1,063,576	-	1,063,576
Geochemistry	511,944	8,419	520,363	8,242	528,605
Drilling	4,710,587	323,603	5,034,190	255,022	5,289,212
Metallurgical tests	144,156	26,402	170,558	49,848	220,406
Airborne survey	-	193,663	193,663	12,032	205,695
Environmental study	-	85,397	85,397	43,704	129,101
Scoping study	-	556,109	556,109	60,615	616,724
Stock-based compensation	-	39,688	39,688	-	39,688
Camp operations, field supplies and other expenses	4,631,609	346,928	4,978,537	125,310	5,103,847
	<u>17,973,261</u>	<u>1,708,075</u>	<u>19,681,336</u>	<u>591,097</u>	<u>20,272,433</u>
<b>Zérégouiné property</b>					
Geology and prospecting	328,029	21,401	349,430	111,261	460,691
Geophysics	121,792	-	121,792	156,200	277,992
Topography	-	-	-	37,475	37,475
Geochemistry	8,674	-	8,674	-	8,674
Drilling	274,063	2,740	276,803	6,090	282,893
Metallurgical tests	3,576	-	3,576	-	3,576
Airborne survey	-	-	-	342,664	342,664
Environmental study	-	1,430	1,430	-	1,430
Technical consulting	-	-	-	51,000	51,000
Stock-based compensation	-	-	-	349,457	349,457
Camp operations, field supplies and other expenses	425,737	66,174	491,911	485,361	977,272
	<u>1,161,871</u>	<u>91,745</u>	<u>1,253,616</u>	<u>1,539,508</u>	<u>2,793,124</u>
<b>Grata property</b>					
Geology and prospecting	8,050	12,650	20,700	51,572	72,272
Geophysics	16,700	-	16,700	3,371	20,071
Topography	-	-	-	12,492	12,492
Drilling	36,927	2,650	39,577	-	39,577
Airborne survey	-	5,087	5,087	50,820	55,907
Environmental study	-	1,590	1,590	-	1,590
Stock-based compensation	-	-	-	6,304	6,304
Camp operations, field supplies and other expenses	33,286	59,347	92,633	258,546	351,179
	<u>94,963</u>	<u>81,324</u>	<u>176,287</u>	<u>383,105</u>	<u>559,392</u>

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

	December 31, 2016	Activity	December 31, 2017	Activity	September 30, 2018
	\$	\$	\$	\$	\$
<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	3,591	762	4,353	-	4,353
Impairment	-	(11,629)	(11,629)	-	(11,629)
	<u>10,867</u>	<u>(10,867)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Lola Graphite property</b>					
Geology and prospecting	113,026	199,466	312,492	-	312,492
Geophysics	10,164	55,673	65,837	-	65,837
Geochemistry	12,140	135,128	147,268	-	147,268
Drilling	24,674	380,291	404,965	-	404,965
Metallurgical tests	13,174	184,943	198,117	-	198,117
Environmental study	-	184,976	184,976	-	184,976
Engineering study	-	76,439	76,439	-	76,439
Camp operations, field supplies and other expenses	480,177	305,880	786,057	-	786,057
Stock-based compensation	-	135,140	135,140	-	135,140
Deconsolidation (Note 4)	-	(2,311,291)	(2,311,291)	-	(2,311,291)
	<u>653,355</u>	<u>(653,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>19,894,317</u>	<u>1,216,922</u>	<u>21,111,239</u>	<u>2,513,710</u>	<u>23,624,949</u>

### NOTE 8. SHARE CAPITAL

#### Authorized

Unlimited number of voting common shares without par value.

#### Transactions on share capital

##### 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 share issue costs.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 8. SHARE CAPITAL (Continued)

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.

#### 2018

During the first quarter of 2018, a total of 4,583,334 warrants were exercised at prices from \$0.15 to \$0.28 per warrant and 155,000 stock options were exercised at prices from \$0.22 to \$0.23 per stock option for total proceeds of \$1,138,434.

During the second quarter of 2018, a total of 1,305,773 warrants were exercised at prices from \$0.15 to \$0.28 per warrant and 1,600,000 stock options were exercised at prices from \$0.19 to \$0.22 per stock option for total proceeds of \$711,161.

On April 13, 2018, the Company closed its private placement with HPX, as described in Note 14, by issuing 25,000,000 units at a price of \$0.21 per unit for total proceeds of \$5,250,000. 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 24 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. The Company incurred \$138,172 in legal and filing fees, which are included as share issue costs.

#### Warrants

The following table shows the changes in warrants:

	September 30, 2018		December 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	26,251,240	0.22	26,302,440	0.22
Granted	25,000,000	0.28	18,778,928	0.20
Exercised	(5,889,107)	0.25	(18,826,528)	0.20
Expired	(4,439,727)	0.28	(3,600)	0.23
Outstanding and exercisable, end of period	<u>40,922,406</u>	0.24	<u>26,251,240</u>	0.22

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 8. SHARE CAPITAL (Continued)

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

Expiration date	Exercise price	September 30,	Exercise price	December 31,
		2018		2017
		Number of warrants outstanding		Number of warrants outstanding
	\$		\$	
June 19, 2018	-	-	0.28	5,811,092
August 8, 2018	-	-	0.28	180,909
April 13, 2020	0.28	25,000,000	-	-
August 26, 2020	0.25	4,795,240	0.25	5,295,240
September 14, 2020	0.25	901,666	0.25	4,234,999
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	3,494,500	0.15	3,998,000
December 9, 2021	0.15	4,000,000	0.15	4,000,000
		<u>40,922,406</u>		<u>26,251,240</u>

### NOTE 9. STOCK OPTIONS

The Company has 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.

The following table shows the changes in stock options:

	Number of stock options	September 30,	Number of stock options	December 31,
		2018		2017
		Weighted average exercise price		Weighted average exercise price
		\$		\$
Outstanding, beginning of period	12,760,000	0.21	8,975,000	0.25
Granted	3,995,000	0.33	4,360,000	0.15
Expired	-	-	(575,000)	0.36
Exercised	(1,755,000)	0.22	-	-
Outstanding, end of period	<u>15,000,000</u>	<u>0.24</u>	<u>12,760,000</u>	<u>0.21</u>
Exercisable, end of period	<u>11,223,750</u>	<u>0.22</u>	<u>10,402,500</u>	<u>0.22</u>

## SAMA RESOURCES INC.

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

#### NOTE 9. STOCK OPTIONS (Continued)

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

Expiry date	Exercise price	September 30,		December 31,	
		Number outstanding	Number exercisable	Number outstanding	Number exercisable
	\$				
January 22, 2018	0.22	-	-	55,000	55,000
June 3, 2018	0.22	-	-	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000	100,000	100,000
January 21, 2019	0.23	1,045,000	1,045,000	1,145,000	1,145,000
June 6, 2019	0.18	1,000,000	750,000	1,000,000	500,000
October 15, 2019	0.275	300,000	300,000	300,000	300,000
June 29, 2021	0.15	400,000	400,000	400,000	400,000
August 31, 2021	0.115	50,000	50,000	50,000	37,500
June 6, 2022	0.32	1,400,000	1,400,000	1,400,000	1,400,000
June 21, 2022	0.155	200,000	150,000	200,000	100,000
October 14, 2022	0.33	1,000,000	1,000,000	1,000,000	1,000,000
April 21, 2025	0.19	2,150,000	2,150,000	2,350,000	2,350,000
May 27, 2025	0.175	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	1,900,000	1,900,000	950,000
March 31, 2027	0.15	500,000	375,000	500,000	250,000
April 27, 2027	0.195	100,000	75,000	100,000	50,000
November 28, 2027	0.29	660,000	330,000	660,000	165,000
June 12, 2028	0.33	3,655,000	913,750	-	-
July 29, 2028	0.30	340,000	85,000	-	-
		<u>15,000,000</u>	<u>11,223,750</u>	<u>12,760,000</u>	<u>10,402,500</u>

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

	September 30, 2018	December 31, 2017
Weighted average price at the grant date	0.33 \$	0.15 \$
Weighted average exercise price	0.33 \$	0.15 \$
Expected dividend	-\$	-\$
Expected average volatility	102.36 %	102.82 %
Risk-free average interest rate	2.31 %	1.43 %
Expected average life	10 years	7.94 years
Weighted fair value per share option	0.30 \$	0.12 \$

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 9. STOCK OPTIONS (Continued)

An expense for stock-based compensation of \$675,471 was recognized during the nine-month period ended September 30, 2018 (during the nine-month period ended September 30, 2017 – \$551,198). An amount of \$319,710 (for the nine-month period ended September 30, 2017 – \$551,198) was recognized in the statement of loss and comprehensive loss and \$355,761 (for the nine-month period ended September 30, 2017 – nil) was capitalized to the exploration and evaluation assets.

SRG had also a stock option plan for which an expense for stock-based compensation of \$1,033,923 was recognized in the statement of loss and comprehensive loss during the nine-month period ended September 30, 2017.

### NOTE 10. 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, 2018	Three-month period ended September 30, 2017	Nine-month period ended September 30, 2018	Nine-month period ended September 30, 2017
			\$	\$
Depreciation included in E&E assets	41,456	15,809	132,541	67,268
Stock-based compensation included in E&E assets	24,306	-	355,761	-
Change in E&E assets included in accounts payable and accrued liabilities	258,686	47,847	454,989	24,098
Finders warrants included in share issue costs	-	-	-	119,684

### NOTE 11. 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, Vice-president Legal and Corporate Affairs 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, 2018, the Company incurred consulting fees of \$172,492 (for the nine-month period ended September 30, 2017 – \$138,753) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of \$34,496 (for the nine-month period ended September 30, 2017 – \$12,334) has been recorded under consulting fees in the interim condensed consolidated statement of loss and comprehensive loss and \$137,995 (for the nine-month period ended September 30, 2017 – \$111,004) has been capitalized to the Company's exploration and evaluation assets. As at September 30, 2018 and 2017, no amount was due to that corporation.

During the nine-month period ended September 30, 2018, the Company incurred accounting fees of \$65,000 (for the nine-month period ended September 30, 2017 – \$81,400) with the CFO. These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2018 and 2017, no amount was due to the CFO.

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 11. RELATED PARTIES (Continued)

During the nine-month period ended September 30, 2018, the Company incurred legal fees of nil (for the nine-month period ended September 30, 2017 – \$13,500) with an officer. These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2018 and 2017, no amount was due to the officer.

During the nine-month period ended September 30, 2018, the Company paid a salary of \$22,500 (for the nine-month period ended September 30, 2017 – \$20,250) to an officer. These fees are recorded under salaries and benefits in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2018 and 2017, no amount was due to the officer.

During the nine-month period ended September 30, 2018, Sama recognized a stock-based compensation of \$348,956 (for the nine-month period ended September 30, 2017 – \$81,302) in connection with stock options granted to officers and directors as well as \$201,729 for the nine-month period ended September 30, 2017, in connection with the expiry date extension of stock options previously granted to officers and directors. This stock-based compensation was recognized in the interim condensed consolidated statement of loss and comprehensive loss.

During the nine-month period ended September 30, 2017, SRG recognized a stock-based compensation of \$463,953 in connection with stock options granted to officers and directors solely, which was recognized in the consolidated statement of loss and comprehensive loss.

#### Transactions with related parties

During the nine-month period ended September 30, 2018, the Company incurred consulting fees of \$56,250 (for the nine-month period ended September 30, 2017 – nil) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. These fees are recorded under consulting fees in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2018, no amount was due to that corporation.

During the nine-month period ended September 30, 2018, the Company incurred legal fees of \$60,625 (for the nine-month period ended September 30, 2017 – nil) with a corporation controlled by the Vice-president Legal and Corporate Affairs. These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2018, no amount was due to that corporation.

#### Termination and Change of Control Provisions

The Company has entered into consulting agreements with key management personnel for total annual payments of \$527,500. These consulting agreements contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ended December 31, 2018, the total amount payable to key management personnel in respect of severance would amount \$1,163,750. If a change of control would occur during the year December 31, 2018, the total amount payable in respect of severance, if elected by the key management personnel would amount \$1,163,750.

### NOTE 12. COMMITMENTS

On June 7, 2017, the Company signed a technology license agreement with CVMR Corporation ("CVMR"). Under the terms of the agreement, CVMR grants the Company 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, the Company 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 the Company 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. COMMITMENTS (Continued)

On October 23, 2017, the Company entered into a binding term sheet, amended on March 12, 2018, in view of forming a strategic partnership with HPX TechCo Inc. ("HPX"), in order to develop its nickel-copper and cobalt project in Ivory Coast, West Africa.

As part of the term sheet, HPX would make a strategic investment of \$5,250,000 by acquiring a total 25,000,000 units at a price of \$0.21 per unit, with each unit consisting of one common share and one share purchase warrant. Each warrant will entitle HPX to purchase an additional common share at a price of \$0.28 per common share for 24 months following the closing date. If exercised, these warrants would represent an additional investment of \$7,000,000 for a total investment, by HPX, of \$12,250,000. HPX would also have the ability to earn, through a joint venture with the Company, up to a 60% interest in the Company's Ivory Coast projects, including the Samapleu project, by financing exploration and evaluation expenses and completing a feasibility study through total investments of \$30,000,000. The private placement of \$5,250,000 and the exercise of warrants of \$7,000,000 would be considered part of this total investment of \$30,000,000.

Highlights of the term sheet include the following:

- HPX will have a pre-emptive/anti-dilution right to maintain its ownership percentage in the Company in future equity financings as long as the holdings of common shares of the Company by HPX and its affiliates remains above 10%;
- HPX will have the right, but not the obligation, to nominate and have appointed: (i) two directors to the board of the Company as long as its shareholding in the Company remains above 10%; and (ii) four directors if its shareholding is greater than 50%;
- HPX would earn into the Ivory Coast project through Sama Nickel as the joint venture vehicle;
- Pursuant to the terms of the earn-in and joint venture agreement, HPX shall have the ability to earn a 30% interest in the Ivory Coast project by incurring expenditures of \$15,000,000. By incurring additional expenditures of \$15,000,000 (or, as may be the case, \$10,000,000 in certain circumstances discussed as follows) over a maximum of 6 years, including the financing of a bankable feasibility study and the acquisition of an exploitation permit on part of the Ivory Coast project, HPX will be entitled to earn an additional interest in the Ivory Coast project, such that its aggregate interest therein shall be 60%;
- If certain conditions related to the SODEMI/SNC joint venture are not met by an outside date (the earn-in adjustment date), then HPX shall have a period of one month after the earn-in adjustment date to notify the Company in writing as to whether or not it wishes to proceed with the 60% earn-in on the totality of the Ivory Coast project for:
  - (i) A reduced additional expenditure of \$10,000,000 (instead of \$15,000,000) in order to earn its additional 30% interest in all of the Ivory Coast project;
  - (ii) Or an additional expenditure of \$5,000,000 (instead of \$10,000,000) in order to earn its additional 30% interest in the Ivory Coast project excluding the Samapleu project after the Company has transferred the Samapleu project from SNC to the Company or an affiliate.

This transaction was completed on April 13, 2018 and the Company completed the private placement described above by issuing 25,000,000 units at a price of \$0.21 per unit for total proceeds of \$5,250,000 (Note 8).

# SAMA RESOURCES INC.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

### NOTE 12. COMMITMENTS (Continued)

The Company has an operating lease commitment for office premises in Abidjan, Ivory Coast, West Africa, expiring on March 31, 2019 which will call for total rent payments of F CFA 9,000,000 (approximately \$20,558 at September 30, 2018), as F CFA 4,500,000 in 2018 and 2019 (approximately \$10,279 in 2018 and 2019).

The Company has an operating lease commitment, for office premises in Vancouver, British Columbia, Canada, which will call for total rent payments of \$7,500 as \$3,750 in 2018 and 2019. The agreement can be terminated upon a six-month notice.

The Company has entered into consulting agreements for various services which will call for total payments of \$35,000 in 2018.

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

	\$
2018	49,029
2019	14,029
	63,058

### NOTE 13. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at September 30, 2018 and December 31, 2017, the Company's non-current assets are located in the two geographics areas as set out below:

	Canada	Ivory Coast	September 30, 2018 Total
	\$	\$	\$
Deposit on exploration and evaluation assets	-	35,000	35,000
Property, plant and equipment	-	984,175	984,175
Exploration and evaluation assets	-	23,624,949	23,624,949
Investment in associate	30,238,209	-	30,238,209
	30,238,209	24,644,124	54,882,333

  

	Canada	Ivory Coast	December 31, 2017 Total
	\$	\$	\$
Deposit on exploration and evaluation assets	-	39,578	39,578
Property, plant and equipment	-	286,713	286,713
Exploration and evaluation assets	-	21,111,239	21,111,239
Investment in associate	30,687,029	-	30,687,029
	30,687,029	21,437,530	52,124,559