

# **Sama Resources Inc.**

Interim Condensed Consolidated Financial Statements  
**For the three-month and nine-month periods ended September 30, 2019  
and 2018**  
(in Canadian dollars)

# **Sama Resources Inc.**

---

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

---

<b>NOTICE TO READER</b>	3
<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated statements of financial position	4
Consolidated statements of loss of comprehensive loss	5
Consolidated statements of changes in shareholder's equity	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8 – 26

## **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, 2019 and 2018 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, 2019 and December 31, 2018

(Unaudited - in Canadian dollars)

	Notes	September 30, 2019 \$	December 31, 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,005,158	5,779,248
Trade and other amounts receivable		3,657	23,520
Sales taxes receivable		31,327	64,966
Due from a related company		-	62,344
Prepaid expenses and deposits		91,779	77,239
Bridge loan, 10%, reimbursable in June 2020	4	724,411	-
Investments	6	1,154,089	-
Derivative financial instrument	7	648,000	-
		<u>4,658,421</u>	<u>6,007,317</u>
<b>Non-current assets</b>			
Deposit on property, plant and equipment		183,253	-
Deposit on exploration and evaluation assets		204,671	25,000
Property, plant and equipment	5	1,054,136	944,449
Investment in associate	6	19,376,406	29,880,633
Exploration and evaluation assets	8	28,353,875	24,842,193
Asset held for sale	7	4,648,000	-
		<u>53,820,341</u>	<u>55,692,275</u>
		<u>58,478,762</u>	<u>61,699,592</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>398,246</u>	<u>898,033</u>
<b>Non-current liabilities</b>			
Deferred tax liability		<u>5,031,216</u>	<u>5,031,216</u>
		5,429,462	5,929,249
<b>Shareholders' equity</b>			
Share capital	9	44,159,413	41,680,104
Contributed surplus	10	5,288,275	4,428,508
Retained earnings		<u>3,601,612</u>	<u>9,661,731</u>
<b>Total equity</b>		<u>53,049,300</u>	<u>55,770,343</u>
<b>Total liabilities and equity</b>		<u>58,478,762</u>	<u>61,699,592</u>
Nature of operations and going concern	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 these 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 September 30, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		September 30, 2019 \$	September 30, 2018 \$	September 30, 2019 \$	September 30, 2018 \$
<b>Revenue</b>		-	251,084	25,397	371,875
Direct costs		-	(189,399)	(18,296)	(251,227)
<b>Gross profit</b>		-	61,685	7,101	120,648
<b>Operating expenses</b>					
Consulting fees		98,393	127,536	321,292	430,914
Salaries and benefits		40,894	47,771	138,481	77,917
Professional fees		54,424	151,400	203,285	291,422
Travel and representation		51,814	72,812	188,974	204,164
General and other expenses		66,023	71,065	192,879	208,051
Project evaluation costs		-	-	44,000	-
Investor relations fees		-	15,000	-	45,000
Transfer agent and filing fees		6,283	16,653	28,383	41,085
Shareholder's information fees		3,437	4,340	16,228	20,741
Depreciation	5	6,097	2,737	17,938	14,529
Stock-based compensation	10	252,237	221,853	855,658	319,710
Loss on disposal of property, plant and equipment		-	3,242	-	3,242
		579,602	734,409	2,007,118	1,656,775
<b>Operating loss</b>		(579,602)	(672,724)	(2,000,017)	(1,536,127)
<b>Other income (expenses)</b>					
Impairment of an asset held for sale	7	(3,711,379)	-	(3,711,379)	-
Share of loss of associate	6	(76,096)	(210,028)	(634,248)	(565,742)
Gain (loss) on dilution of associate	6	-	(17,295)	-	116,922
Gain on fair value of a derivative financial instrument	7	648,000	-	648,000	-
Loss on fair value of investments	6	(196,262)	-	(196,262)	-
Loss on disposal of an asset held for sale	7	(189,000)	-	(189,000)	-
Interest income		46,131	20,956	71,201	56,627
Foreign exchange loss		(10,231)	(19,361)	(48,414)	(42,475)
		(3,488,837)	(225,728)	(4,060,102)	(434,668)
<b>Net loss and comprehensive loss</b>		(4,068,439)	(898,452)	(6,060,119)	(1,970,795)
<b>Basic and diluted net loss per common share</b>		(0.02)	(0.01)	(0.03)	(0.01)
<b>Weighted average number of common shares outstanding</b>		198,484,267	188,426,410	194,100,128	177,395,681

The accompanying notes are an integral part of these 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, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Share capital numbers	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
<b>Balance – January 1st, 2018</b>		155,782,303	34,264,927	3,750,352	13,305,381	51,320,660
Issuance of units under a private placement	9	25,000,000	5,250,000	-	-	5,250,000
Share issue costs	9	-	(138,172)	-	-	(138,172)
Exercise of warrants	9	5,889,107	1,471,241	(2,746)	-	1,468,495
Exercise of stock options	9,10	1,755,000	640,492	(259,392)	-	381,100
Stock-based compensation	9	-	-	675,471	-	675,471
Net loss and comprehensive loss		-	-	-	(1,970,795)	(1,970,795)
<b>Balance – September 30, 2018</b>		<b>188,426,410</b>	<b>41,488,488</b>	<b>4,163,685</b>	<b>11,334,586</b>	<b>56,986,759</b>
<b>Balance – January 1st, 2019</b>		189,426,410	41,680,104	4,428,508	9,661,731	55,770,343
Exercise of warrants	9	8,317,857	2,191,625	(5,375)	-	2,186,250
Exercise of stock options	9,10	740,000	287,684	(117,484)	-	170,200
Stock-based compensation	9	-	-	982,626	-	982,626
Net loss and comprehensive loss		-	-	-	(6,060,119)	(6,060,119)
<b>Balance – September 30, 2019</b>		<b>198,484,267</b>	<b>44,159,413</b>	<b>5,288,275</b>	<b>3,601,612</b>	<b>53,049,300</b>

The accompanying notes are an integral part of these 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 September 30, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		September 30, 2019 \$	September 30, 2018 \$	September 30, 2019 \$	September 30, 2018 \$
<b>Cash flows from (used for)</b>					
<b>Operating activities</b>					
Net loss for the period		(4,068,439)	(898,452)	(6,060,119)	(1,970,795)
Items not affecting cash					
Depreciation	5	6,097	2,737	17,938	14,529
Stock-based compensation	10	252,237	221,853	855,658	319,710
Loss on disposal of property, plant and equipment		-	3,242	-	3,242
Loss on disposal of an asset held for sale	7	189,000	-	189,000	-
Interest revenue on bridge loan and investments	4, 6	(40,800)	-	(44,362)	-
Share of loss of associate	6	76,096	210,028	634,248	565,742
Loss (gain) on dilution of associate	6	-	17,295	-	(116,922)
Gain on fair value of a derivative financial instrument	7	(648,000)	-	(648,000)	-
Loss on fair value of investments	6	196,262	-	196,262	-
Impairment of an asset held for sale	7	3,711,379	-	3,711,379	-
		(326,168)	(443,297)	(1,147,996)	(1,184,494)
Change in non-cash working capital items					
Trade and other amounts receivable		592	(7,331)	19,863	42,485
Sales taxes receivable		20,594	(20,147)	33,639	(18,809)
Due from a related company		10,552	(77,965)	62,344	(168,044)
Prepaid expenses and deposits		6,682	21,398	(14,540)	(29,720)
Accounts payable and accrued liabilities		34,116	(60,853)	(42,495)	(238,364)
		72,536	(144,898)	58,811	(412,452)
		(253,632)	(588,195)	(1,089,185)	(1,596,946)
<b>Investing activities</b>					
Deposit on property, plant and equipment		(183,253)	-	(183,253)	-
Deposit on exploration and evaluation expenditures		(204,671)	(35,000)	(204,671)	(35,000)
Acquisition of property, plant and equipment	5	(11,727)	(472,370)	(280,546)	(847,774)
Bridge loan		-	-	(1,000,000)	-
Repayment of bridge loan		300,000	-	300,000	-
Investments	6	(1,330,400)	-	(1,330,400)	-
Exploration and evaluation expenditures	8	(645,864)	(461,860)	(3,664,085)	(1,570,419)
Proceed on disposal of an asset held for sale	7	1,321,600	-	1,321,600	-
		(754,315)	(969,230)	(5,041,355)	(2,453,193)
<b>Financing activities</b>					
Issuance of units under a private placement	9	-	-	-	5,250,000
Exercise of warrants	9	-	-	2,186,250	1,468,495
Exercise of stock options	9, 10	-	-	170,200	381,100
Share issue costs	9	-	-	-	(138,172)
		-	-	2,356,450	6,961,423
<b>Increase (decrease) in cash during the period</b>		(1,007,947)	(1,557,425)	(3,774,090)	2,911,284
<b>Cash and cash equivalents – Beginning of period</b>		3,013,105	8,654,269	5,779,248	4,185,560
<b>Cash and cash equivalents – End of period</b>		2,005,158	7,096,844	2,005,158	7,096,844

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

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

### 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 West Africa. The Company was incorporated on July 11, 2006 under the *Business Corporations Act* (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 interim condensed consolidated financial statements were authorized for publication by the Board of Directors on November 28, 2019.

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.

#### ***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. As at September 30, 2019, the Company has accumulated retained earnings of \$3,601,612 (December 31, 2018 – \$9,661,731) and a working capital of \$4,260,175 (December 31, 2018 – \$5,109,284), including cash and cash equivalents of \$2,005,158 (December 31, 2018 – \$5,779,248). 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.

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, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet the Company’s obligations, budgeted expenditures and commitments through September 30, 2020. Based on the extent of the Company’s current stage and anticipated plan, the Company will need to raise additional financing within the next 9-12 month, 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.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

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 consolidated financial statements.

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.

## 2 Changes in accounting policies

### Accounting standards and interpretations issued and in effect

#### IFRS 16, *Leases*

On January 1, 2019, the Company adopted IFRS 16, *Leases*, which set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the lessee and the lessor. The Company adopted this standard using the modified retrospective approach under which the cumulative effect of initial application, if applicable, was recognized in retained earnings at January 1, 2019. The impact of this change in accounting policy is noted below.

For contracts entered into before January 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17 and IFRIC 4. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset. The Company leases office spaces, a warehouse and a field.

On transition, the Company elected to apply the practical expedient to grandfather the determination of which contract was or contained a lease and applied IFRS 16 to those contracts that were previously identified as leases.

For contracts entered into subsequent to January 1, 2019, at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This impairment test replaced the previous requirement to recognize a provision for onerous lease contracts.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases under general and other expenses on a straight-line basis over the lease term, as permitted by IFRS 16.

The adoption of IFRS 16 had no impact on the interim condensed consolidated financial statements.

### 3 Significant accounting policies

#### Basis of presentation

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

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, 2018, except for new accounting standards adopted in 2019 (Note 2). 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, 2018 which have been prepared according to IFRS as issued by the IASB.

#### Basis of consolidation

The Company's subsidiaries, all of which are wholly-owned, are as follows:

	Jurisdiction of incorporation
Sama Nickel Corporation ("Sama Nickel")	Canada
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast

#### Non-current assets held for sale

Non-current assets, or disposed groups consisting of assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the consolidated statement of loss and comprehensive loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying assets or disposal groups as held for sale, the Company presents the assets separately as a single

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

amount and the liabilities separately as a single amount on the consolidated statements of financial position. When an asset no longer meets the criteria for classification as an asset held for sale, the Company records the asset at the lower of its recoverable amount and the carrying amount before the asset was classified as held for sale.

### 4 Bridge loan

On June 18, 2019, the Company signed a bridge loan of \$1,000,000 with SRG Mining Inc. (previously SRG Graphite Inc) ("SRG"), an associate, to fund the immediate cash requirements of SRG. The loan bears interest at 10% per annum and is repayable in 12 months. As at September 30, 2019, \$724,411 remains unpaid including accrued interest revenue of \$24,411.

### 5 Property, plant and equipment

	Exploration equipment \$	Buildings and lease improvements \$	Other equipment \$	Total \$
<b>Cost</b>				
<b>Balance – January 1st, 2018</b>	933,716	42,037	32,534	1,008,287
Acquisitions	766,259	44,762	67,495	878,516
Disposals	(99,469)	-	(5,860)	(105,329)
<b>Balance – December 31, 2018</b>	1,600,506	86,799	94,169	1,781,474
Acquisitions	236,623	40,627	3,296	280,546
<b>Balance – September 30, 2019</b>	1,837,129	127,426	97,465	2,062,020
<b>Accumulated amortization</b>				
<b>Balance – January 1st, 2018</b>	668,355	30,030	23,189	721,574
Depreciation	183,693	5,501	8,120	197,314
Disposals	(80,211)	-	(1,652)	(81,863)
<b>Balance – December 31, 2018</b>	771,837	35,531	29,657	837,025
Depreciation	144,637	9,555	16,667	170,859
<b>Balance – September 30, 2019</b>	916,474	45,086	46,324	1,007,884
<b>Carrying amount</b>				
<b>Balance – December 31, 2018</b>	828,669	51,268	64,512	944,449
<b>Balance – September 30, 2019</b>	920,655	82,340	51,141	1,054,136

During the nine-month period ended September 30, 2019, a depreciation expense of \$17,938 (December 31, 2018 – \$22,941) was recorded in the interim condensed consolidated statement of loss and comprehensive loss and \$152,921 (December 31, 2018 – \$174,373) was recorded under exploration and evaluation ("E&E") assets.

## Sama Resources Inc.

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

## 6 Investments

The Company has the following investments in SRG:

	September 30, 2019 \$	December 31, 2018 \$
Investment in associate	19,376,406	29,880,633
Convertible debenture	1,154,089	-
	<u>20,530,495</u>	<u>29,880,633</u>
Less: current portion of investments	(1,154,089)	-
	<u>19,376,406</u>	<u>29,880,633</u>

### *Investment in associate*

The Company has an investment in associate giving it significant influence over SRG.

During the year ended December 31, 2018, SRG issued a total of 8,142,433 common shares following the completion of a public offering, a private placement and the exercise of warrants and stock options for total net proceeds of \$10,409,166. The Company's ownership in SRG went from 40.24% to 35.52%. Therefore, the Company recorded a gain on dilution of \$116,664, on the deemed disposal of a portion of its ownership interest, of which \$116,922 was recorded during the nine-month period ended September 30, 2018 in interim condensed consolidated statement of loss and comprehensive loss for transactions that occurred during this period.

On June 14, 2019, the Company has entered into a share purchase agreement to sell 8,300,000 common shares of SRG to a third party for an aggregate purchase price of US\$5,000,000. The Company has classified this portion of its investment in an associate as an asset held for sale (Note 7). Upon completion of such sale, the Company's interest in SRG will be reduced to 23.56%.

During the nine-month period ended September 30, 2019, SRG did not issue any shares. The Company's ownership in SRG as at September 30, 2019 is 33.13%. Management determined that significant influence remained unchanged and therefore continued to apply the equity method of accounting for the retained interest.

The continuity of the Company's investment in associate is as follows:

	September 30, 2019 \$	December 31, 2018 \$
<b>Balance – beginning of period</b>	29,880,633	30,687,029
Portion classified as an asset held for sale (Note 7)	(9,869,979)	-
Share of loss and comprehensive loss	(634,248)	(923,060)
Gain on dilution	-	116,664
	<u>19,376,406</u>	<u>29,880,633</u>
<b>Balance – end of period</b>	<u>19,376,406</u>	<u>29,880,633</u>

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

The fair value of the investment in associate as at September 30, 2019 was \$11,450,787 (December 31, 2018 – \$18,740,283).

### *Convertible debenture*

The Company entered into an unsecured Convertible Debt Agreement with SRG whereby the Company makes available to SRG a credit facility of up to US\$5,000,000 for a twelve-month period. The convertible debenture bears interest at an annual rate of 10% payable at maturity either in cash or common shares of SRG, at the discretion of SRG. The number and terms of the common shares issued to pay such accrued interest will be based upon a price per common share that is not less than the market price of the common shares at the time the accrued interest becomes payable. The principal amount of the convertible debenture is convertible into common shares of SRG at a conversion price of \$0.91, at the election of the Company. Upon a conversion, the US\$ principal amount will be converted in Canadian dollars based on the prevailing spot rate. On August 7, 2019, the Company advanced an amount of US\$1,000,000 (\$1,330,400) to SRG. For accounting purposes, the convertible debenture investment is recognized as Fair value through Profit or Loss (“FVTPL”). At inception, the convertible debenture was recorded at the equivalent of cash consideration paid. As at September 30, 2019, the fair value of the convertible debenture decreased to \$1,134,138 resulting in a loss on fair value of investments of \$196,262, recorded in the interim condensed consolidated statement of loss and comprehensive loss, for the period from August 7, 2019 to September 30, 2019. In addition, accrued interest on the convertible debenture of \$19,951 were recognized.

## **7 Asset held for sale**

On June 14, 2019, the Company has entered into a share purchase agreement to sell 8,300,000 common shares of SRG to a third party for an aggregate purchase price of US\$5,000,000. The sale shall occur in five tranches and is expected to fully close by December 15, 2019. The closing of each tranche is conditional on the full and complete closing of each proceeding tranche in accordance with the agreement. The settlement terms are considered to be a derivative financial instrument because the share price of SRG’s common shares is variable, and the purchase price different from the consideration that would be otherwise obtained at each tranche. On initial classification as asset held for sale a derivative financial instrument liability of \$123,500 was recognized in the interim condensed consolidated statement of financial position. In addition, the Company assessed the carrying amount and the fair value less cost to sell and recognized an impairment of \$3,063,979 in the interim condensed consolidated statement of loss and comprehensive loss.

On August 5, 2019, a first tranche was completed for an amount of US\$1,000,000 (\$1,321,600) representing a disposal of 1,660,000 common shares of SRG. As a result of this transaction, the Company recorded a reversal of impairment of \$149,400 and a loss on disposal of asset held for sale of \$189,000 in the interim condensed consolidated statement of loss and comprehensive loss.

As at September 30, 2019, the Company recognized a gain on fair value of a derivative financial instrument of \$771,500 as well as an impairment of \$796,800 in the interim condensed consolidated statement of loss and comprehensive loss.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

The continuity of the Company's asset held for sale is as follows:

	September 30, 2019 \$
<b>Balance – beginning of period</b>	-
Initial recognition as an asset held for sale (Note 6)	9,869,979
Disposal	(1,510,600)
Impairment	(3,711,379)
<b>Balance – end of period</b>	<u>4,648,000</u>

The net cash flows associated with the asset held for sale are as follows:

	September 30, 2019 \$
Investing activities	<u>1,321,600</u>

## 8 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 PR 123 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. No exploration and evaluation work was performed on the classified forest area. Therefore, no partial impairment was required.

## Sama Resources Inc.

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

On June 19, 2019, the two (2) new exploration permits, Samapleu East (PR838) and Samapleu West (PR839) which cover 318 square kilometers, were granted to SODEMI. Both PRs expire on June 19, 2023, with possible renewal periods totaling up to 12 years. In accordance with both PRs, Sama Nickel agreed to complete an exploration program evaluated at F CFA 2,315,000,000 for PR838 (approximately \$5,102,153 as at September 30, 2019) and F CFA 760,000,000 for PR 839 (approximately \$1,675,005 as at September 30, 2019) before the term of the exploration 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 all costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,840,300 as at September 30, 2019) 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 \$20,725,400 as at September 30, 2019.

On September 20, 2019, Sama Nickel and SODEMI signed an amendment to the SA under which the parties confirm the immediate and direct interest of Sama Nickel and SODEMI at 66.7% and 33.3% respectively in the two (2) new exploration permits and this notwithstanding any future request for an exploitation permit. The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Ivory Coast Government	10%
	<hr/>
	100%

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

#### Zérégouiné property

On February 25, 2019, the exploration permit No. 300 (“PR300”), which covers 290 square kilometers of property in Ivory Coast which and expires on December 18, 2021, was renewed. In accordance with PR300, Sama CI agreed to complete an exploration program evaluated at F CFA 2,293,000,000 (\$5,053,666 as at September 30, 2019) before the term of the exploration permit.

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**

**September 30, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

### **Grata property**

Sama CI owns the exploration permit No. 604 (“PR604”) which covers 80 square kilometers of property in Ivory Coast and expires on December 9, 2019. In accordance with PR604, Sama CI agreed to complete an exploration program evaluated at F CFA 663,000,000 (approximately \$1,461,221 as at September 30, 2019) before the term of the exploration permit. This exploration program was completed on time and on September 9, 2019, Sama CI filed the required documentation with the Department of Mines in Côte d’Ivoire, for the renewal of PR604 which should expire on December 9, 2022. As of today, there is no indication that the exploration permit will not be granted. However, a whole or partial impairment of the value of the Grata Property will be required should Sama CI fail to obtain the exploration permit.

The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

### **Zoupleu property**

On June 19, 2019, the exploration permit No. 837 (“PR837”), which covers 135 square kilometers of property in Ivory Coast and expires on June 19, 2023, was granted to SMT. In accordance with PR837, SMT agreed to complete an exploration program evaluated at F CFA 1,120,000,000 (approximately \$2,468,428 as at September 30, 2019) before the term of the exploration permit.

The Zoupleu Property is 100% owned by SMT and is located contiguous to the Samapleu Property.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

	December 31, 2017 \$	Activity \$	December 31, 2018 \$	Activity \$	September 30, 2019 \$
<b>Samapleu property</b>					
Acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Drilling	5,034,190	275,396	5,309,586	58,196	5,367,782
Camp operation costs and other expenses	4,978,537	109,199	5,087,736	126,998	5,214,734
Geology and prospecting	2,494,846	89,654	2,584,500	15,333	2,599,833
Geophysics	1,369,164	12,032	1,381,196	68,561	1,449,757
Engineering study	556,109	60,615	616,724	86,654	703,378
Geochemistry	520,363	8,242	528,605	6,208	534,813
Metallurgical tests	170,558	66,168	236,726	7,863	244,589
Environmental study	85,397	43,704	129,101	-	129,101
Stock-based compensation	39,688	-	39,688	9,241	48,929
	19,681,336	665,010	20,346,346	379,054	20,725,400
<b>Zérégouiné property</b>					
Camp operation costs and other expenses	491,911	1,328,386	1,820,297	780,062	2,600,359
Drilling	276,803	471,255	748,058	1,127,774	1,875,832
Geophysics	121,792	708,697	830,489	556,045	1,386,534
Geology and prospecting	349,430	236,212	585,642	126,485	712,127
Stock-based compensation	-	122,155	122,155	108,485	230,640
Geochemistry	8,674	-	8,674	29,239	37,913
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	1,430	-	1,430	-	1,430
	1,253,616	2,866,705	4,120,321	2,728,090	6,848,411
<b>Grata property</b>					
Camp operation costs and other expenses	92,633	72,144	164,777	276,642	441,419
Geology and prospecting	20,700	51,572	72,272	11,517	83,789
Geophysics	21,787	69,219	91,006	103,542	194,548
Drilling	39,577	-	39,577	-	39,577
Geochemistry	-	-	-	2,666	2,666
Environmental study	1,590	-	1,590	-	1,590
Stock-based compensation	-	6,304	6,304	9,242	15,546
	176,287	199,239	375,526	403,609	779,135
<b>Zoupleu property</b>					
Geology and prospecting	-	-	-	929	929
	-	-	-	929	929
<b>Total E&amp;E assets</b>	<b>21,111,239</b>	<b>3,730,954</b>	<b>24,842,193</b>	<b>3,511,682</b>	<b>28,353,875</b>

# **Sama Resources Inc.**

## Notes to Interim Condensed Consolidated Financial Statements

**September 30, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

### **9 Share capital**

Authorized

Unlimited number of voting common shares without par value.

#### **Transactions on share capital**

##### **2018**

During the first quarter ended March 31, 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.

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 \$0.28 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.

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.

##### **2019**

During the first quarter ended March 31, 2019, a total of 1,075,000 warrants were exercised at a price of \$0.15 per share and 740,000 stock options at a price of \$0.23 for total proceeds of \$331,450.

During the second quarter ended June 30, 2019, a total of 7,242,857 warrants were exercised at prices from \$0.25 to \$0.28 per share for total proceeds of \$2,025,000.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

### Warrants

The following table shows the changes in warrants:

	September 30, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	39,922,406	0.25	26,251,240	0.22
Granted	-	-	25,000,000	0.28
Exercised	(8,317,857)	0.26	(6,889,107)	0.23
Expired	-	-	(4,439,727)	0.28
<b>Outstanding and exercisable – End of period</b>	<b>31,604,549</b>	<b>0.24</b>	<b>39,922,406</b>	<b>0.25</b>

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

	September 30, 2019		December 31, 2018	
Expiration date	Exercise price \$	Number of warrants outstanding	Exercise price \$	Number of warrants outstanding
April 13, 2020	0.28	17,857,143	0.28	25,000,000
August 26, 2020	0.25	4,695,240	0.25	4,795,240
September 14, 2020	0.25	901,666	0.25	901,666
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	1,494,500	0.15	2,494,500
December 9, 2021	0.15	3,925,000	0.15	4,000,000
		<u>31,604,549</u>		<u>39,922,406</u>

### 10 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.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

The following table shows the changes in stock options:

	September 30, 2019		December 31, 2018	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	14,960,000	0.24	12,760,000	0.21
Granted	3,225,000	0.27	4,055,000	0.33
Exercised	(740,000)	0.23	(1,755,000)	0.22
Expired	(1,305,000)	0.19	(100,000)	0.27
<b>Outstanding – End of period</b>	<b>16,140,000</b>	<b>0.25</b>	<b>14,960,000</b>	<b>0.24</b>
<b>Exercisable – End of period</b>	<b>13,498,750</b>	<b>0.24</b>	<b>12,667,500</b>	<b>0.23</b>

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

	September 30, 2019		December 31, 2018		
Expiry date	Exercise price \$	Number outstanding	Number exercisable	Number outstanding	Number exercisable
January 21, 2019	0.23	-	-	1,045,000	1,045,000
June 6, 2019	0.18	-	-	1,000,000	1,000,000
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	0.12	50,000	50,000	50,000	50,000
June 6, 2022	0.32	1,400,000	1,400,000	1,400,000	1,400,000
June 21, 2022	0.155	200,000	200,000	200,000	200,000
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	2,150,000	2,150,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	1,900,000	1,900,000	1,900,000
March 31, 2027	0.15	500,000	500,000	500,000	500,000
April 27, 2027	0.195	100,000	100,000	100,000	100,000
November 28, 2027	0.29	660,000	660,000	660,000	495,000
June 12, 2028	0.33	3,655,000	2,741,250	3,655,000	1,827,500
July 29, 2028	0.30	340,000	255,000	340,000	85,000
October 31, 2028	0.30	60,000	15,000	60,000	15,000
February 20, 2029	0.27	3,225,000	1,612,500	-	-
		<b>16,140,000</b>	<b>13,498,750</b>	<b>14,960,000</b>	<b>12,667,500</b>

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

	Nine-month period ended September 30, 2019	Year ended December 31, 2018
Weighted average price at the grant date	\$0.27	\$0.33
Weighted average exercise price	\$0.27	\$0.33
Expected dividend	-	-
Expected average volatility	104.26%	102.37%
Risk-free average interest rate	1.88%	2.31%
Expected average life	10 years	10 years
Weighted fair value per share option	\$0.25	\$0.30

An expense for stock-based compensation of \$982,626 was recognized during the nine-month period ended September 30, 2019 (for the nine-month period ended September 30, 2018 – \$675,471). An amount of \$855,658 (for the nine-month period ended September 30, 2018 – \$319,710) was recognized in the interim condensed consolidated statement of loss and comprehensive loss and \$126,968 (for the nine-month period ended September 30, 2018 – \$355,761) was capitalized to the E&E assets.

### 11 Additional cash flow information

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

	Three-month periods ended		Nine-month periods ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	\$	\$	\$	\$
Depreciation included in E&E assets	41,838	41,456	152,921	132,541
Stock-based compensation included in E&E assets	36,557	24,306	126,968	355,761
Change in E&E assets included in accounts payable and accrued liabilities	(41,894)	258,686	(432,292)	454,989

### 12 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 and officers. The remuneration of key management personnel includes the following:

# **Sama Resources Inc.**

## **Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

### **Transactions with key management personnel**

During the nine-month period ended September 30, 2019, the Company incurred fees of \$78,750 with the Chief financial officer (“CFO”) (for the nine-month period ended September 30, 2018 – \$65,000). These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2019, no amount (December 31, 2018 – \$16,425) is due to the CFO.

During the nine-month period ended September 30, 2019, the Company paid a salary of \$24,750 (for the nine-month period ended September 30, 2018 – \$22,500) 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, 2019 and December 31, 2018, no amount was due to the officer.

During the nine-month period ended September 30, 2019, the Company incurred fees of \$172,494 (for the nine-month period ended September 30, 2018 – \$172,492) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of \$34,499 (for the nine-month period ended September 30, 2018 – \$34,497) 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, 2018 – \$137,995) has been capitalized to the Company’s E&E assets. As at September 30, 2019, no amount (December 31, 2018 – \$11,679) is due to that corporation.

During the nine-month period ended September 30, 2019, a stock-based compensation of \$733,059 was recognized in connection with stock options granted to officers and directors solely (for the nine-month period ended September 30, 2018 – \$348,956). This stock-based compensation was recognized in the interim condensed consolidated statement of loss and comprehensive loss.

### **Transactions with related parties**

During the nine-month period ended September 30, 2019, the Company incurred fees of \$82,186 (for the nine-month period ended September 30, 2018 – \$63,436) with a corporation where the Company’s Executive Chairman is also a shareholder of that corporation. An amount of \$75,000 (for the nine-month period ended September 30, 2018 – \$56,250) was recorded under consulting fees and \$7,186 (for the nine-month period ended September 30, 2018 – \$7,186) under general and other expenses in the interim condensed consolidated statement of loss and comprehensive loss. As at September 30, 2019, no amount (December 31, 2018 – \$36,324) is due to that corporation.

During the nine-month period ended September 30, 2019, the Company incurred fees of \$69,375 (for the nine-month period ended September 30, 2018 – \$60,625) with a company 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, 2019 no amount (December 31, 2018 – \$15,075) is due to the Vice-president Legal and Corporate Affairs.

During the nine-month period ended September 30, 2019, the Company charged an amount of \$25,397 to SRG as part of a service agreement (\$371,875 as part of drilling and service agreements for the nine-month period ended September 30, 2018). As at September 30, 2019, no amount (December 31, 2018 – \$62,344) is due from SRG.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

On June 18, 2019 the Company signed a bridge loan agreement with SRG for an amount of \$1,000,000 as described in Note 4. As at September 30, 2019, an amount of \$724,411 including interest receivable is outstanding.

On August 5, 2019, the Company advance an amount of US\$1,000,000 to SRG as part of a convertible debenture agreement described in Note 6. As at September 30, 2019, an amount of US\$1,015,068 (\$1,343,951) including interest receivable is outstanding.

### Termination and Change of Control Provisions

The Company has entered into consulting agreements with key management personnel for total annual payments of \$527,500. The consulting agreements contain termination without cause and change of control provisions. Assuming that this agreement would be terminated without cause during the year ended December 31, 2019, the total amounts payable to key personnel in respect of severance would amount \$1,163,750. If a change of control would occur during the year ended December 31, 2019, the total amount payable in respect of severance, if elected by the officers would amount \$1,163,750.

## 13 Commitments

- a) 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.
- b) On October 23, 2017, the Company entered into a binding term sheet 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.

## **Sama Resources Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

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/Sama Nickel 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 Sama Nickel to the Company or an affiliate.

On April 13, 2018, the Company issued a total of 25,000,000 units at a price of \$0.21 per unit for total proceeds of \$5,250,000 and on June 11, 2019, HPX exercised a total of 7,142,857 warrants at a price of \$0.28 per share for total proceeds of \$2,000,000.

- c) The Company has an operating lease commitment for office spaces in Vancouver, British Columbia, Canada, which will call for a monthly rent of \$1,250 until November 30, 2019.
- d) The Company has lease commitments for office spaces, a warehouse and the use of a field in Abidjan, Ivory Coast, West Africa, expiring until August 2020 which will call for total rent payments of F CFA 11,305,000 (approximately \$24,916 at September 30, 2019), of which F CFA 6,105,000 in 2019 (approximately \$13,455 in 2019) and F CFA 5,200,000 in 2020 (approximately \$11,461 in 2020).

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

	\$
2019	15,955
2020	11,461
	<u>27,416</u>

### 14 Operating segment

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties.

The Company's geographical breakdown of revenues is as follows:

	Nine-month period ended September 30, 2019 \$		
	Canada	Ivory Coast	Total
Revenues from services contracts	-	25,397	25,397

	Nine-month period ended September 30, 2018 \$		
	Canada	Ivory Coast	Total
Revenues from drilling contracts	-	227,103	227,103
Revenues from services contracts	-	144,772	144,772
	-	<u>371,875</u>	<u>371,875</u>

## Sama Resources Inc.

### Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

The Company's geographical breakdown of non-current assets is as follows:

			<b>September 30, 2019 \$</b>
	<b>Canada</b>	<b>Ivory Coast</b>	<b>Total</b>
Deposit on property, plant and equipment	-	183,253	183,253
Deposit on exploration and evaluation assets	-	204,671	204,671
Property, plant and equipment	850	1,053,286	1,054,136
Exploration and evaluation assets	-	28,353,875	28,353,875
Investments	19,376,406	-	19,376,406
Asset held for sale	4,648,000	-	4,648,000
	<b>24,025,256</b>	<b>29,795,085</b>	<b>53,820,341</b>

  

			<b>December 31, 2018 \$</b>
	<b>Canada</b>	<b>Ivory Coast</b>	<b>Total</b>
Deposit on exploration and evaluation assets	-	25,000	25,000
Property, plant and equipment	1,133	943,316	944,449
Exploration and evaluation assets	-	24,842,193	24,842,193
Investment in associate	29,880,633	-	29,880,633
	<b>29,881,766</b>	<b>25,810,509</b>	<b>55,692,275</b>