



SAMA RESOURCES INC.

Interim Condensed Consolidated Financial Statements
For the three-month periods ended March 31, 2017 and 2016.

TSX-V: SME

SAMA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Notice to Reader

The accompanying unaudited interim condensed consolidated financial statements of Sama Resources Inc. (the "Company") for the three-month periods ended on March 31, 2017 and 2016 have been prepared by the management and are its responsibility. These unaudited interim condensed consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

SAMA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		(Unaudited - in Canadian dollars)	
	Notes	March 31, 2017	December 31, 2016
		\$	\$
ASSETS			
Current assets			
Cash		1,461,867	2,579,417
Trade and other amounts receivable		16,311	14,914
Taxes receivable		92,239	45,672
Prepaid expenses and deposits		224,928	33,186
		<u>1,795,345</u>	<u>2,673,189</u>
Non-current assets			
Property and equipment	5	310,222	313,812
Exploration and evaluation assets	6	<u>20,388,784</u>	<u>19,894,317</u>
		<u>20,699,006</u>	<u>20,208,129</u>
Total assets		<u><u>22,494,351</u></u>	<u><u>22,881,318</u></u>
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities		452,414	614,765
Subscriptions received in advance on the private placement closed in April 2017	13	<u>60,000</u>	<u>-</u>
Total liabilities		<u><u>512,414</u></u>	<u><u>614,765</u></u>
EQUITY			
Share capital	7	27,862,489	27,862,489
Contributed surplus	8	3,344,769	3,082,518
Deficit		<u>(10,332,855)</u>	<u>(9,848,691)</u>
Total shareholders' equity		<u>20,874,403</u>	<u>21,096,316</u>
Non-controlling interests	4	<u>1,107,534</u>	<u>1,170,237</u>
Total equity		<u><u>21,981,937</u></u>	<u><u>22,266,553</u></u>
Total liabilities and shareholders' equity		<u><u>22,494,351</u></u>	<u><u>22,881,318</u></u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

On behalf of the Board of Directors,

Signed: "Marc Fillion", Director

Signed: "Todd Hilditch", Director

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

SAMA RESOURCES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month periods ended on

(Unaudited - in Canadian dollars)

	Notes	March 31, 2017 \$	March 31, 2016 \$
Revenue		-	45,871
Direct costs		-	(33,068)
Gross profit (excluding depreciation)		-	12,803
Operating Expenses			
Depreciation	5	1,699	1,305
Consulting		55,483	35,936
Insurance		15,774	8,676
Investor relations		29,000	197
Professional fees		62,016	42,639
Office supplies, utilities and rent		32,792	20,682
Office administration		36,489	74,161
Shareholder information		5,636	971
Stock-based compensation	8	480,986	50,205
Transfer agent and filing fees		15,115	3,804
Travel and representation		56,130	6,888
Total operating expenses		791,120	245,464
Loss before other expenses (income)		791,120	232,661
Other expenses (income)			
Foreign exchange loss (gain)		21,682	(8,112)
		21,682	(8,112)
Net loss and comprehensive loss		812,802	224,549
Net loss attributable to:			
Sama shareholders		490,947	224,549
Non-controlling interests		321,855	-
		812,802	224,549
Basic and diluted net loss per common share attributable to Sama shareholders		0.01	0.00
Weighted average number of common shares outstanding		118,955,287	108,354,487

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 three-month periods ended March 31, 2017 and 2016

(Unaudited - in Canadian dollars)

	Notes	Share capital		Contributed surplus	Deficit	Total attributable to the owners of the parent company	Non-controlling interests	Total
		Number	\$	\$	\$	\$	\$	\$
Balance on January 1st, 2016		108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597	-	20,021,597
Stock-based compensation	8	-	-	50,205	-	50,205	-	50,205
Net loss and comprehensive loss		-	-	-	(224,549)	(224,549)	-	(224,549)
Balance on March 31, 2016		<u>108,354,787</u>	<u>26,877,368</u>	<u>2,621,402</u>	<u>(9,651,517)</u>	<u>19,847,253</u>	<u>-</u>	<u>19,847,253</u>
Balance on January 1st, 2017		118,955,287	27,862,489	3,082,518	(9,848,691)	21,096,316	1,170,237	22,266,553
Stock-based compensation	4 and 8	-	-	262,251	-	262,251	218,735	480,986
Issuance of common shares by a subsidiary	4	-	-	-	-	-	47,200	47,200
Effects of changes in ownership of a subsidiary	4	-	-	-	6,783	6,783	(6,783)	-
Net loss and comprehensive loss		-	-	-	(490,947)	(490,947)	(321,855)	(812,802)
Balance on March 31, 2017		<u>118,955,287</u>	<u>27,862,489</u>	<u>3,344,769</u>	<u>(10,332,855)</u>	<u>20,874,403</u>	<u>1,107,534</u>	<u>21,981,937</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 periods ended on

(Unaudited - in Canadian dollars)

	Notes	March 31, 2017 \$	March 31, 2016 \$
CASH PROVIDED FROM (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the period		(812,802)	(224,549)
Items not affecting cash			
Depreciation	5	1,699	1,305
Stock-based compensation	8	480,986	50,205
		<u>(330,117)</u>	<u>(173,039)</u>
Change in non-cash working capital items			
Trade and other amounts receivable		(1,397)	1,070
Taxes receivable		(46,567)	(6,185)
Prepaid expenses and deposits		(191,742)	(3,029)
Accounts payables and accrued liabilities		(197,879)	(11,286)
Unearned revenue		-	(2,692)
		<u>(437,585)</u>	<u>(22,122)</u>
		<u>(767,702)</u>	<u>(195,161)</u>
INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(13,524)	-
Exploration and evaluation expenditures	6	(443,524)	(174,328)
		<u>(457,048)</u>	<u>(174,328)</u>
FINANCING ACTIVITIES			
Issuance of common shares by a subsidiary	4	47,200	-
Subscriptions received in advance on the private placement closed in April 2017	13	60,000	-
		<u>107,200</u>	<u>-</u>
Decrease in cash during the period		<u>(1,117,550)</u>	<u>(369,489)</u>
Cash, beginning of period		<u>2,579,417</u>	<u>491,671</u>
Cash, end of period		<u><u>1,461,867</u></u>	<u><u>122,182</u></u>

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

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 1. NATURE OF OPERATIONS AND GOING CONCERN

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

These interim condensed consolidated financial statements were authorized for publication by the Board of Directors on May 29, 2017.

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

Going concern uncertainty

These interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the three-month period ended March 31, 2017 of \$812,802 (for the year ended December 31, 2016 – \$905,792) and has an accumulated deficit of \$10,332,855 (December 31, 2016 – \$9,848,691). In addition, the Company had working capital of \$1,282,931 as at March 31, 2017 (December 31, 2016 – \$2,058,424), including cash of \$1,461,867 (December 31, 2016 – \$2,579,417). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. Subsequent to March 31, 2017, the Company raised an additional of \$2,700,075 through the issuance of 18,000,488 units (Note 13). Based on the extent of the Company's current development plan and anticipated exploration, the Company will need to raise additional financing within the next 6-12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these interim condensed consolidated financial statements. In addition, the Company is subject to Côte d'Ivoire permit and license renewals, and will depend on outside parties and governmental authorities for continued exploration of its properties, as described in Note 5.

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

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 2. REVERSE TAKEOVER TRANSACTION

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

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

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

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

NOTE 3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's interim condensed consolidated financial statements have been prepared in accordance with the 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"). They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016.

The accounting policies followed in these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2016.

Basis of measurement

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

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 3. 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 companies over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Subsidiaries	Jurisdiction of incorporation	March 31,	December 31,
		2017	2016
		% of ownership	% of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Côte d'Ivoire	100%	100%
Sama Graphite Inc. ("SRG")	Canada	48%	49%
Sama Resources Guinee SARL ("Sama Guinee")	Guinea	48%	49%

SRG is a public company.

Non-controlling interests

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

Functional and presentation currency

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

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

Foreign currency transactions

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

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

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

Accounting standards and interpretations issued and in effect

IAS 7 – Statement of cash flows

In January 2016, IASB amended IAS 7, “Statement of Cash Flows”, The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017. The adoption of these amendments to IAS 7 had no effect on the Company’s interim condensed consolidated financial statements.

Accounting standards and interpretations issued but not yet adopted

IFRS 9 – Financial instruments, classification and measurement

In July 2014, the IASB issued IFRS 9 – Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB’s project to replace IAS 39 – Financial Instruments: Recognition and Measurement.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset or liability and own credit. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IFRS 15 - Revenue from contracts with customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The extent or the impact of adoption of IFRS 15 has not been yet determined.

IFRS 2 – Share-based Payment

In 2016, the IASB issued the final amendments to IFRS 2 Share-based Payment (“IFRS 2”) in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: the effects of vesting conditions on the measurement of cash-settled share-based payments; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The amendments are to be applied prospectively. However, retrospective application is permitted if elected for all three amendments and other criteria are met. The extent of the impact of adoption of IFRS 2 has not yet been determined.

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

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

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

In 2016, the IASB issued IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (“IFRIC 22”), which provides requirements about which exchange rate to use when recognizing revenue in circumstances where an entity has received advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. On initial application, entities have the option to apply either retrospectively or prospectively. The extent of the impact of adoption of IFRIC 22 has not yet been determined.

NOTE 4. NON-CONTROLLING INTERESTS

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

	March 31, 2017	December 31, 2016
	\$	\$
Non-controlling interests, beginning of period	1,170,237	-
Loss allocated to non-controlling interests	(321,855)	-
Stock-based compensation allocated to non-controlling interests	218,735	-
Issuance of common shares	47,200	1,976,458
Changes in ownership interest	(6,783)	(806,221)
Non-controlling interests, end of period	<u>1,107,534</u>	<u>1,170,237</u>

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

	March 31, 2017	December 31, 2016
	\$	\$
Balance sheet		
Assets	2,291,096	2,949,322
Liabilities	142,174	647,518
Equity	2,148,922	2,301,804
Comprehensive loss		
Revenue	-	-
Net loss and comprehensive loss	624,489	744,496
Cash flows		
Operating activities	(639,863)	(163,221)
Investing activities	(309,547)	245,674
Financing activities	(273,164)	2,178,155

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 5. PROPERTY AND EQUIPMENT

	Exploration equipments	Land and buildings	Other equipments	Total
	\$	\$	\$	\$
Cost				
Balance as at January 1st, 2016	1,342,080	41,861	80,582	1,464,523
Acquisitions	-	2,218	-	2,218
Disposals	(491,438)	-	(4,781)	(496,219)
Balance as at December 31, 2016	850,642	44,079	75,801	970,522
Acquisitions	3,151	-	10,373	13,524
Balance as at March 31, 2017	853,793	44,079	86,174	984,046
Accumulated amortization				
Balance as at January 1st, 2016	738,414	19,061	62,144	819,619
Depreciation	97,824	4,781	5,308	107,913
Disposals	(267,354)	-	(3,468)	(270,822)
Balance as at December 31, 2016	568,884	23,842	63,984	656,710
Depreciation	14,403	1,012	1,699	17,114
Balance as at March 31, 2017	583,287	24,854	65,683	673,824
Carrying amount				
Balance as at December 31, 2016	281,758	20,237	11,817	313,812
Balance as at March 31, 2017	270,506	19,225	20,491	310,222

A depreciation of \$1,699 (\$5,308 for the year ended December 31, 2016) was recorded in the statement of loss and comprehensive loss and \$15,415 (\$102,605 for the year ended December 31, 2016) was recorded under Exploration and evaluation assets.

NOTE 6. EXPLORATION AND EVALUATION ASSETS

Samapleu Property

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

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

On October 25, 2015, Sama Nickel and SODEMI extended certain terms of PR123 resulting in a license extension to June 25, 2017. The Company will apply to the Department of Mines in Ivory Coast in June 2017 to transform the current Permis de Recherche No 123 ("PR123") into a Permis d'Exploitation (mining permit).

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 6. 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 any costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,820,996 as at March 31, 2017) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC which represent a total amount of \$18,111,282 as at March 31, 2017.

The ownership of the EE shall be allocated as follows:

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

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

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

Lola Graphite Property

On September 2, 2013, Sama Guinee obtained four licences to explore a combined 380 square kilometers of property in eastern Guinea. The licences were renewed on August 29, 2016 for two years and per legislation, the surface area was reduced by 51% from 380 square kilometers to 187 square kilometers. This reduction in the surface area did not required an impairment of capitalized E&E assets since Sama Guinee did not ceased area were exploration and evaluation expenditures were done. Sama Guinee has agreed to complete an exploration program of GNF 9,361,376,000 (approximately \$1,351,320 as at March 31, 2017) by August 29, 2018. The Lola Graphite Property is 100% owned by Sama Guinee and is located in eastern Guinea.

Worofla Property

On November 7, 2012, Sama CI obtained Permit No. 301 ("PR301") which initially covered 400 square kilometers of property in Côte d'Ivoire. On October 13, 2015, Sama CI applied for the renewal of Permit No. 301. Upon renewal, the Worofla Property will be reduced to 300 square kilometers. Sama CI expects to complete an exploration program of F CFA 390,590,000 (\$851,812 as at March 31, 2017) by October 13, 2018. The Worofla Property is 100% owned by Sama CI and is located 130 kilometres northeast of the Samapleu Property.

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

Zérégouiné Property

On December 19, 2012, Sama CI obtained Permit No. 300 ("PR300") which initially covered 394 square kilometers of property in Côte d'Ivoire. On October 13, 2015, Sama CI applied for the renewal of Permit No. 300. Upon renewal, the Zérégouiné Property will be reduced to 290 square kilometers. Sama CI expects to complete an exploration program of F CFA 614,000,000 (\$1,339,033 as at March 31, 2017) by October 13, 2018. The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

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

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

Grata Property

On December 9, 2015, Sama CI obtained Permit No. 604 ("PR604") which covers 80 square kilometres of property in Côte d'Ivoire. In accordance with PR604, Sama CI must incur expenditure commitments of F CFA 663,000,000 (approximately \$1,445,893 as at March 31, 2017) before December 9, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

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

	December 31, 2015	Activity	December 31, 2016	Activity	March 31, 2017
	\$	\$	\$	\$	\$
Samapleu property					
Property acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Assaying	111,925	-	111,925	-	111,925
Geology and prospecting	2,251,827	117,871	2,369,698	11,378	2,381,076
Geophysics	1,044,062	16,796	1,060,858	-	1,060,858
Geochemistry	511,016	928	511,944	317	512,261
Drilling	4,693,619	16,968	4,710,587	1,521	4,712,108
Metallurgical tests	144,156	-	144,156	3,840	147,996
Airborn survey	-	-	-	5,000	5,000
Environmental study	-	-	-	73,987	73,987
Camp operations, field supplies and other expenses	4,452,722	178,887	4,631,609	41,978	4,673,587
	<u>17,641,811</u>	<u>331,450</u>	<u>17,973,261</u>	<u>138,021</u>	<u>18,111,282</u>
Lola Graphite property					
Geology and prospecting	55,197	57,829	113,026	61,370	174,396
Geophysics	16	10,148	10,164	37,146	47,310
Geochemistry	12,140	-	12,140	-	12,140
Drilling	24,439	235	24,674	84,917	109,591
Metallurgical tests	5,345	7,829	13,174	-	13,174
Environmental study	-	-	-	71,914	71,914
Camp operations, field supplies and other expenses	317,707	162,470	480,177	55,250	535,427
	<u>414,844</u>	<u>238,511</u>	<u>653,355</u>	<u>310,597</u>	<u>963,952</u>
Worofla property					
Geology and prospecting	1,364	-	1,364	-	1,364
Geophysics	5,912	-	5,912	-	5,912
Camp operations, field supplies and other expenses	3,399	192	3,591	-	3,591
	<u>10,675</u>	<u>192</u>	<u>10,867</u>	<u>-</u>	<u>10,867</u>

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

	December 31, 2015	Activity	December 31, 2016	Activity	March 31, 2017
	\$	\$	\$	\$	\$
Zérégouiné property					
Geology and prospecting	205,476	122,553	328,029	-	328,029
Geophysics	121,792	-	121,792	-	121,792
Geochemistry	8,674	-	8,674	-	8,674
Drilling	258,194	15,869	274,063	1,521	275,584
Metallurgical tests	3,576	-	3,576	-	3,576
Camp operations, field supplies and other expenses	372,704	53,033	425,737	15,524	441,261
	<u>970,416</u>	<u>191,455</u>	<u>1,161,871</u>	<u>17,045</u>	<u>1,178,916</u>
Grata property					
Geology and prospecting	-	8,050	8,050	7,500	15,550
Geophysics	-	16,700	16,700	-	16,700
Drilling	-	36,927	36,927	1,521	38,448
Airborn survey	-	-	-	5,000	5,000
Camp operations, field supplies and other expenses	-	33,286	33,286	14,783	48,069
	<u>-</u>	<u>94,963</u>	<u>94,963</u>	<u>28,804</u>	<u>123,767</u>
Total exploration and evaluation assets	<u>19,037,746</u>	<u>856,571</u>	<u>19,894,317</u>	<u>494,467</u>	<u>20,388,784</u>

NOTE 7. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Warrants

The following table shows Sama's changes in warrants:

		March 31, 2017		December 31, 2016
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	26,302,440	0.22	19,004,434	0.25
Granted	-	-	10,779,000	0.15
Expired	<u>(1,200)</u>	0.28	<u>(3,480,994)</u>	0.20
Outstanding and exercisable, end of period	<u>26,301,240</u>	0.22	<u>26,302,440</u>	0.22

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 7. SHARE CAPITAL (Continued)

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

		March 31, 2017		December 31, 2016
Expiration date	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	\$		\$	
February 5, 2017 (a)	-	-	0.28	182,109
June 19, 2018	0.28	5,811,092	0.28	5,811,092
August 8, 2018	0.28	180,909		
August 26, 2020	0.25	5,295,240	0.25	5,295,240
September 14, 2020	0.25	4,234,999	0.25	4,234,999
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	3,998,000	0.15	3,998,000
December 9, 2021	0.15	4,050,000	0.15	4,050,000
		<u>26,301,240</u>		<u>26,302,440</u>

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

NOTE 8. STOCK OPTIONS

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

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

		March 31, 2017		December 31, 2016
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	8,975,000	0.25	9,285,000	0.26
Granted	1,900,000	0.085	450,000	0.15
Expired	(575,000)	0.36	(650,000)	0.40
Cancelled	-	-	(110,000)	0.30
Outstanding, end of period	<u>10,300,000</u>	<u>0.21</u>	<u>8,975,000</u>	<u>0.25</u>
Exercisable, end of period	<u>8,650,000</u>	<u>0.23</u>	<u>8,737,500</u>	<u>0.25</u>

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 8. STOCK OPTIONS (Continued)

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

			March 31, 2017		December 31, 2016
Expiry date	Exercise price \$	Number outstanding	Number exercisable	Number outstanding	Number exercisable
January 29, 2017	0.38	-	-	175,000	175,000
February 12, 2017	0.35	-	-	400,000	400,000
June 6, 2017	0.32	1,400,000	1,400,000	1,400,000	1,400,000
October 14, 2017	0.33	1,000,000	1,000,000	1,000,000	1,000,000
January 22, 2018	0.22	55,000	55,000	55,000	55,000
June 3, 2018	0.22	1,400,000	1,400,000	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000	100,000	100,000
January 21, 2019	0.23	1,145,000	1,145,000	1,145,000	1,145,000
October 15, 2019	0.28	300,000	300,000	300,000	300,000
June 29, 2021	0.15	400,000	200,000	400,000	200,000
August 31, 2021	0.12	50,000	25,000	50,000	12,500
April 21, 2025	0.19	2,350,000	2,350,000	2,350,000	2,350,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	475,000	-	-
		<u>10,300,000</u>	<u>8,650,000</u>	<u>8,975,000</u>	<u>8,737,500</u>

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

	March 31, 2017	December 31, 2016
Weighted average price at the grant date	0.085 \$	0.10 \$
Weighted average exercise price	0.085 \$	0.15 \$
Expected dividend	- \$	- \$
Expected average volatility	101.3 %	113.9 %
Risk-free average interest rate	1.65 %	0.56 %
Expected average life	10 years	5 years
Weighted fair value per stock option	0.08 \$	0.07 \$

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

Total stock-based compensation of \$480,986 for Sama and SRG was recognized during the three-month period ended March 31, 2017 (\$50,205 during the three-month period ended March 31, 2016).

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 9. ADDITIONAL CASH FLOW INFORMATION

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

	March 31, 2017	March 31, 2016
	\$	\$
Exploration and evaluation assets included in accounts payable and accrued liabilities	(35,528)	231,051
Depreciation included in Exploration and evaluation assets	15,415	31,329

NOTE 10. RELATED PARTIES

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

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

Transactions with key management personnel

During the three-month period ended March 31, 2017, the Company incurred accounting fees of \$20,400 (for the three-month period ended March 31, 2016 – nil) with the CFO. These fees are recorded under accounting fees.

During the three-month period ended March 31, 2017, the Company incurred consulting fees of \$20,500 (for the three-month period ended March 31, 2016 – \$30,211) with officers and directors or/and corporations controlled by officers and directors.

During the three-month period ended March 31, 2017, the Company incurred exploration and evaluation expenditures of \$37,001 (for the three-month period ended March 31, 2016 – \$7,767) with a corporation controlled by a director who is also the President and Chief Executive Officer. All of these fees have been capitalized to the Company's exploration and evaluation assets.

During the three-month period ended March 31, 2017, the Company recognized a stock-based compensation of \$250,377 (for the three-month period ended March 31, 2016 – \$37,926) in connection with stock options granted to officers and directors.

As at March 31, 2017, \$186,520 (December 31, 2016 – \$188,665) is due to corporations controlled by a director or officer. These amounts are included in accounts payable and accrued liabilities.

Transactions with other related parties

During the three-month period ended March 31, 2017, the Company incurred \$2,396 for professional fees, office supplies, utilities and rent (for the three-month period ended March 31, 2016 – \$4,065) with corporations with a director or officers in common.

Termination and Change of Control Provisions

Certain employment agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause on March 31, 2017, the total amounts payable to the executive team in respect of severance would have totaled \$265,000. If a change of control had occurred on March 31, 2017, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled \$265,000.

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 11. COMMITMENTS

The Company has an operating lease commitment for office premises in Vancouver, British Columbia, Canada, expiring in July 31, 2018, which will call for total rent payments of \$20,000 (\$11,250 in 2017 and \$8,750).

The Company has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, expiring in November 30, 2017 which will require a total payment of F CFA 3,600,000 (approximately \$7,851 at March 31, 2017).

The Company has entered into consulting agreements expiring until April 2018 which will call for total payments of \$484,460 (\$434,960 in 2017 and \$49,500 in 2018).

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

	\$
2017	454,061
2018	58,250
	<u>512,311</u>

NOTE 12. OPERATING SEGMENT

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

	March 31, 2017	December 31, 2016
	Côte D'ivoire and Guinea	Côte D'ivoire and Guinea
	\$	\$
Property and equipment	310,222	313,812
Exploration and evaluation assets	<u>20,388,784</u>	<u>19,894,317</u>
	<u>20,699,006</u>	<u>20,208,129</u>

NOTE 13. SUBSEQUENT EVENTS

Options

On April 1, 2017, the Company granted 500,000 stock options to a consultant at an exercise price of \$0.15 per share expiring on March 31, 2027.

Private placements

On April 19, 2017, the Company completed the first tranche of a non-brokered private placement of 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, expiring on April 19, 2022. 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. In addition, the Company issued 698,440 finders' warrants exercisable at a price of \$0.20 expiring on April 19, 2022.

SAMA RESOURCES INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 13. SUBSEQUENT EVENTS

On April 25, 2017, the Company completed the second tranche of a non-brokered private placement of 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, expiring on April 25, 2022. 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. In addition, the Company issued 80,000 finders' warrants exercisable at a price of \$0.20 expiring on April 25, 2022.

Directors of the Company have purchased a total of 1,859,997 units at a price of \$0.15 for total proceeds of \$279,000.