Sama Resources Inc.

Consolidated Financial Statements
December 31, 2019 and 2018
(in Canadian dollars)

Sama Resources Inc.

CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report

To the Shareholders of Sama Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sama Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Yves Bonin.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 28, 2020

[1] FCPA auditor, FCA, public accountancy permit No. A110416

Sama Resources Inc.

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018

(in Canadian dollars)

	Notes	December 31, 2019 $	December 31, 2018 $
Assets			
Current assets			
Cash and cash equivalents		5,203,928	5,779,248
Trade and other amounts receivable		2,653	23,520
Sales taxes receivable		68,050	64,966
Due from a related company		4,605	62,344
Prepaid expenses and deposits		98,883	77,239
Bridge loan, 10%, reimbursable in June 2020	6	742,055	-
Convertible debenture	7, 21	1,214,131	-
Asset held for sale	10	5,046,400	-
Derivative financial instrument	10	160,000	-
		12,540,705	6,007,317
Non-current assets			
Deposit on property, plant and equipment		447,414	-
Deposit on exploration and evaluation assets		2,496	25,000
Property, plant and equipment	8	1,049,933	944,449
Investment in associate	9	12,434,095	29,880,633
Exploration and evaluation assets	11	29,941,480	24,842,193
		43,875,418	55,692,275
		56,416,123	61,699,592
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		728,862	898,033
Non-current liabilities			
Deferred tax liability		3,260,364	5,031,216
		3,989,226	5,929,249
Shareholders' equity			
Share capital	12	49,159,413	41,680,104
Contributed surplus	13	5,553,417	4,428,508
Retained earnings (deficit)		(2,285,933)	9,661,731
Total equity		52,426,897	55,770,343
Total liabilities and equity		56,416,123	61,699,592

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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 consolidated financial statements.

Sama Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended on December 31, 2019 and 2018

(in Canadian dollars)

	Notes	December 31, 2019 $	December 31, 2018 $
Revenue		25,397	445,686
Direct costs		(18,296)	(280,330)
Gross profit		7,101	165,356
Operating expenses			
Consulting fees		480,390	713,977
Salaries and benefits		198,377	112,033
Professional fees		329,963	438,932
Travel and representation		236,112	229,135
General and other expenses		251,823	266,662
Project evaluation costs		46,800	-
Investor relations fees		-	50,000
Transfer agent and filing fees		31,311	47,055
Shareholders' information fees		20,128	27,338
Depreciation	8	24,085	22,941
Stock-based compensation	13	1,075,593	816,835
Loss (gain) on disposal of property, plant and equipment		(13,190)	23,466
		2,681,392	2,748,374
Operating loss		(2,674,291)	(2,583,018)
Other income (expenses)			
Impairment of investment in associate and asset held for sale	9, 10	(9,862,979)	-
Share of loss of associate	9	(846,785)	(923,060)
Gain (loss) on dilution of associate	9	(179,774)	116,664
Gain on fair value of a derivative financial instrument	10	160,000	-
Loss on fair value of a convertible debenture	9	(168,422)	-
Loss on disposal of an asset held for sale	10	(189,000)	-
Interest income		123,916	77,817
Foreign exchange loss		(81,181)	(38,084)
		(11,044,225)	(766,663)
Loss before income taxes		(13,718,516)	(3,349,681)
Deferred tax income (expense)		1,770,852	(293,969)
Net loss and comprehensive loss		(11,947,664)	(3,643,650)
Basic and diluted net loss per common share		(0.06)	(0.02)
Weighted average number of common shares outstanding		195,890,103	180,329,591

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

Sama Resources Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2019 and 2018

(in Canadian dollars)

	Notes	Share capital numbers	Share capital $	Contributed surplus $	Retained earnings (deficit) $	Total $
Balance – December 31, 2017		155,782,303	34,264,927	3,750,352	13,305,381	51,320,660
Issuance of units under a private placement	12	25,000,000	5,250,000	-	-	5,250,000
Exercise of warrants	12	6,889,107	1,626,241	(7,746)	-	1,618,495
Exercise of stock options	12, 13	1,755,000	640,492	(259,392)	-	381,100
Share issue costs, net of a deferred tax asset of $36,616	12	-	(101,556)	-	-	(101,556)
Stock-based compensation	13	-	-	945,294	-	945,294
Net loss and comprehensive loss		-	-	-	(3,643,650)	(3,643,650)
Balance – December 31, 2018		189,426,410	41,680,104	4,428,508	9,661,731	55,770,343
Exercise of warrants	12	26,175,000	7,191,625	(5,375)	-	7,186,250
Exercise of stock options	12, 13	740,000	287,684	(117,484)	-	170,200
Stock-based compensation	13	-	-	1,247,768	-	1,247,768
Net loss and comprehensive loss		-	-	-	(11,947,664)	(11,947,664)
Balance – December 31, 2019		216,341,410	49,159,413	5,553,417	(2,285,933)	52,426,897

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

Sama Resources Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(in Canadian dollars)

	Notes	December 31, 2019 $	December 31, 2018 $
Cash flows from (used for)			
Operating activities			
Net loss for the year		(11,947,664)	(3,643,650)
Items not affecting cash			
Deferred tax expense (income)	14	(1,770,852)	293,969
Depreciation	8	24,085	22,941
Stock-based compensation	13	1,075,593	816,835
Loss (gain) on disposal of property, plant and equipment		(13,190)	23,466
Loss on disposal of an asset held for sale	10	189,000	-
Interest revenue on bridge loan and convertible debenture	6, 7	(94,208)	-
Gain on fair value of a derivative financial instrument	10	(160,000)	-
Loss on fair value of a convertible debenture	7	168,422	-
Share of loss of associate	9	846,785	923,060
Gain (loss) on dilution of associate	9	179,774	(116,664)
Impairment of investment in associate and asset held for sale	9, 10	9,862,979	-
		(1,639,276)	(1,680,043)
Change in non-cash working capital items			
Trade and other amounts receivable		20,867	40,444
Sales taxes receivable		(3,084)	14,131
Due from a related company		57,739	(45,926)
Prepaid expenses and deposits		(21,644)	(40,662)
Accounts payable and accrued liabilities		(101,415)	(3,420)
		(47,537)	(35,433)
		(1,686,813)	(1,715,476)
Investing activities			
Bridge loan	6	(1,000,000)	-
Repayment of bridge loan	6	300,000	-
Convertible debenture	7	(1,330,400)	-
Proceeds on disposal of an asset held for sale	10	1,321,600	-
Acquisition of property, plant and equipment	8	(788,548)	(878,516)
Proceeds from the disposal of property, plant and equipment	8	13,190	-
Exploration and evaluation expenditures	11	(4,760,799)	(2,923,743)
		(6,244,957))	(3,802,259)
Financing activities			
Issuance of units under a private placement	12	-	5,250,000
Exercise of warrants	12	7,186,250	1,618,495
Exercise of stock options	12, 13	170,200	381,100
Share issue costs paid	12	-	(138,172)
		7,356,450	7,111,423
Increase (decrease) in cash during the year		(575,320)	1,593,688
Cash and cash equivalents – Beginning of year		5,779,248	4,185,560
Cash and cash equivalents – End of year		5,203,928	5,779,248

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

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

These consolidated financial statements were authorized for publication by the Board of Directors on April 28, 2020.

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 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 December 31, 2019, the Company has accumulated deficit of $2,285,933 (December 31, 2018 – retained earnings of $9,661,731) and a working capital of $11,811,843 (December 31, 2018 – $5,109,284), including cash and cash equivalents of $5,203,928 (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 December 31, 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.

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 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 ("IFRS 16")

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 contacts.

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 loss.

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 consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatment (“IFRIC 23”)

On January 1, 2019, the Company adopted IFRIC 23 which clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

a) Whether an entity considers uncertain tax treatments separately;
b) The assumptions an entity makes about the examination of tax treatments by taxation authorities;
c) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
d) How an entity considers changes in facts and circumstances.

The adoption of IFRIC 23 had no impact on the consolidated financial statements.

IAS 23, Borrowing Costs ("IAS 23")

On January 1, 2019, the Company adopted the amendments to IAS 23, which clarifies which borrowing costs are eligible for capitalization in particular circumstances. The adoption of IAS 23 had no impact on the consolidated financial statements.

3 Basis of presentation and significant accounting policies

Basis of presentation

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements, except for the new accounting standards adopted in 2019 (Note 2).

Basis of measurement

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

Basis of consolidation

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases. Any retained interest is measured to its fair value with the change in carrying amount recognized in income or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or joint venture.

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
Sama Resources International Inc. ("SRI")	Caymans Island

Investment in associate

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

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

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

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

A reversal of an impairment loss is recognized in the statement of income (loss) and comprehensive income (loss) in the period the reversal occurs.

Functional and presentation currency

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

The consolidated financial statements are presented in Canadian dollars.

Foreign currency transactions

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

Cash and cash equivalents

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

Exploration and evaluation ("E&E") assets

The Company is in the exploration stage with respect to its investment in E&E assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. E&E expenditures include expenses directly attributable to the related activities.

The aggregate costs related to abandoned mineral properties are recognized as an impairment charge in the statement of income (loss) and comprehensive income (loss) at the time of any abandonment, when the permits expired and are not renewed or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

Property, plant and equipment ("PP&E")

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of a PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

PP&E are recorded at cost and depreciated as follows:

	Straight-line method
Other equipment	
Computer equipment	3 years
Furniture	5 years
Building and lease improvements	5 to 7 years
Exploration equipment	5 to 8 years

PP&E are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of income (loss) and comprehensive income (loss). Depreciation expense is capitalized to E&E assets when related to a specific E&E project.

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 sale 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 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.

Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of income (loss) and comprehensive income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income (loss) and comprehensive income (loss).

Financial instruments

All financial instruments, including derivatives, are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, which occurs when it is either discharged, canceled or expired.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial Assets

Financial assets and financial liabilities are recognized initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through net income or loss ("FVTPL") or through other comprehensive income (loss) ("FVTOCI"), which are measured initially at fair value. On initial recognition, the Company classifies its financial assets in the following measurement categories:

Amortized costs

Financial assets that are held in a business model with the objective of collecting contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortized cost ("AC"). The Company's cash and cash equivalents, trade and other amounts receivable, due from a related company and the bridge loan are measured at amortized cost as they meet the required criteria. Gains and losses are recognized in the consolidated statement of income (loss) and comprehensive income (loss) when the receivables are derecognized or impaired.

Fair value

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI. A financial asset shall be measured at FVTOCI if both of the following conditions are met:

i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses will either be recorded in net income (loss) or other comprehensive income (loss).

The Company's convertible debenture, asset held for sale and derivative financial instrument are measured at FVTPL as they don't meet the required criteria to be recorded as amortized cost or at FVTOCI.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and through other comprehensive income (loss). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. An external rating of investment grade is considered to indicate that a financial instrument that may be considered as having low credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

<u>Financial liabilities</u>

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial instruments are measured at amortized cost using the effective interest rate method. The Company's accounts payable and accrued liabilities are measured at amortized cost.

Derivative instruments

Derivative instruments are initially recorded at fair value and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net income (loss) or other comprehensive income (loss).

The Company signed a share purchased agreement to sell 8,300,000 common shares of SRG for an aggregate purchase price of US$5,000,000 to be settled in five tranches (Note 10). For accounting purposes, 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 otherwise be obtained at each tranche. At each reporting date, these settlement terms are marked to market based on the share price of SRG's common shares listed on the TSX-V.

Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any related income tax effects.

Equity financing

The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached warrants.

Share-based payments

The fair value, at the grant date, of equity-settled share-based awards is recognized as an expense over the period for which the benefits of employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes valuation model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price

The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service and vesting conditions are met. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss). Current tax expense, if any, is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Earnings (loss) per share

Basic earnings (loss) per share (“EPS”/”LPS”) is calculated by dividing the net income (loss) for the period attributable to the shareholders of Sama by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding for dilutive potential common shares. The Company’s potentially dilutive common shares are comprised of stock options and warrants. The number of common shares included is computed using the treasury stock method unless they are anti-dilutive. Under this method, the proceeds from the exercise of such instruments are assumed to be used to purchase common shares at the average market price for the period and the difference between the number of common shares issued upon exercise and the number of common shares assumed to be purchased is included in the calculation.

Revenue recognition

The Company recognizes revenue when: 1) contract with the customer is identified; 2) performance obligation in the contract are identified; 3) transaction price is determined; 4) the transaction price is allocated to the performance obligations; and 5) performance obligations are satisfied.

The Company’s revenue is generated from drilling contracts and services contracts with customers. Revenue are recognized on the terms of customer contracts that generally provide for revenue recognition on the basis of actual metres/footage drilled or on actual work performed at contracted rates. Revenue from ancillary services is recorded when the services are rendered. Contract prepayments and amounts pre-billed for mobilization and de-mobilization equipment and personnel moves are deferred to contract liabilities until performance is accomplished. As metres are drilled on the customer's contract or as the services is rendered, the Company satisfies its performance obligation to the customer and recognizes revenue. The Company has elected to use the practical expedient as the Company's invoices its customer on a monthly basis based on the drilled metres or based on services rendered which directly corresponds with the value received by customer.

If collection is subsequently determined to be in doubt, an impairment loss under IFRS 9 is recognized against accounts receivable with a corresponding expense included within general and administrative expense in the statement of income (loss) and comprehensive income (loss); revenue is not adjusted.

4 Future accounting policies

Accounting standards and interpretation issued but not yet adopted

IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 1")

IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The Company does not expect any impact in its consolidated financial statements upon the amendments of IAS 1 and IAS 8.

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, Business Combinations, clarify the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination. IFRS 3 is applicable for annual periods beginning on or after January 1, 2020. The Company does not expect any impact in its consolidated financial statements upon the amendments of IFRS 3.

5 Critical accounting estimates and judgments

Significant judgments and estimation uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

Determination of the functional currencies of the subsidiaries

A number of judgments were made in the determination of the subsidiaries' functional currency. If a different conclusion had been reached for any one of those assumptions, it could have resulted in the identification of functional currency different from the one actually identified by the Company.

Impairment of investment in associate

The Company follows the guidance of IAS 28, *Investments in Associates and Joint Ventures* to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

Impairment of asset held for sale

The Company must report its assets held for sale at the lower of their carrying amount and fair value less costs to sell. This involves management judgment and requires the Company to perform continuous evaluations of its asset held for sale. In performing its evaluation, the Company analyses the quoted price of the common shares. Management has classified the asset held for sale as a current asset because it expects to realize the asset within the next year. Any change in the assumptions used could impact the carrying value of the asset held for sale on the consolidated statement of financial position with a corresponding impact made to the consolidated statement of loss and comprehensive loss

Impairment of non-financial assets

The recoverable amounts with respect to non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts and these differences may be significant and could have a material impact on the Company's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted nickel prices.

Determination of the ownership of mining property title

Management must determine if it still holds the legal title of its mining properties in Ivory Coast, West Africa on a continuous basis. In certain cases, to conclude on the validity of the legal title, significant judgement is required in determining if the Company met all of its commitments and obligations. For certain mining properties for which the last renewal period occurred before the year-end, management exercised its judgement and consider the communications with the government, to conclude on the ownership and validity of the titles. Note 11 of these consolidated financial statements provide background information around those judgements.

Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

Management continually evaluates the likelihood that it is probable that its deferred tax assets will be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

6 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 December 31, 2019, $742,055 remains unpaid including accrued interest revenue of $42,055.

7 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 at Fair value through Profit or Loss (“FVTPL”). At inception, the convertible debenture was recorded at the equivalent of cash consideration paid. As at December 31, 2019, the fair value of the convertible debenture decreased to $1,161,978 resulting in a loss on fair value of $168,422, recorded in the consolidated statement of loss and comprehensive loss, for the period from August 7, 2019 to December 31, 2019. In addition, accrued interest on the convertible debenture of US$40,068 ($52,153) were recognized.

(in Canadian dollars)

8 Property, plant and equipment

	Exploration equipment $	Buildings and lease improvements $	Other equipment $	Total $
Cost				
Balance – January 1st, 2018	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)
Balance – December 31, 2018	1,600,506	86,799	94,169	1,781,474
Acquisitions	296,434	40,627	4,073	341,134
Disposals	(92,363)	-	-	(92,363)
Balance – December 31, 2019	1,804,577	127,426	98,242	2,030,245
Accumulated amortization				
Balance – January 1st, 2018	668,355	30,030	23,189	721,574
Depreciation	183,693	5,501	8,120	197,314
Disposals	(80,211)	-	(1,652)	(81,863)
Balance – December 31, 2018	771,837	35,531	29,657	837,025
Depreciation	197,757	15,507	22,386	235,650
Disposals	(92,363)	-	-	(92,363)
Balance – December 31, 2019	876,337	51,038	52,043	980,312
Carrying amount				
Balance – December 31, 2018	828,669	51,268	64,512	944,449
Balance – December 31, 2019	927,346	76,388	46,199	1,049,933

During the year ended December 31, 2019, a depreciation expense of $24,085 (2018 – $22,941) was recorded in the consolidated statement of loss and comprehensive loss and $211,565 (2018 – $174,373) was recorded under exploration and evaluation ("E&E") assets.

(in Canadian dollars)

9 Investment in associate

The Company has an investment in associate giving it significant influence over SRG. As at December 31, 2018, the Company's ownership in SRG was 35.52%.

On June 14, 2019, the Company 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 10).

During the year ended December 31, 2019, SRG issued a total of 1,125,000 common shares for total proceeds of $562,500 following the exercise of warrants. The Company's ownership in SRG went from 23.56% to 23.19%. Therefore, the Company recorded a loss on dilution of $179,774 on the deemed disposal of a portion of its ownership interest. Management determined that significant influence remained unchanged and therefore continued to apply the equity method of accounting for the retained interest.

At December 31, 2019, the Company determined that impairment indicators led to the recognition of an impairment loss in respect to its net investment in an associate. Therefore, an impairment loss of $6,550,000 was recognized in the consolidated statement of loss and comprehensive loss.

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

	2019 $	2018 $
Balance – beginning of year	29,880,633	30,687,029
Portion classified as an asset held for sale (Note 10)	(9,869,979)	-
Impairment	(6,550,000)	-
Share of loss and comprehensive loss	(846,785)	(923,060)
Loss on dilution	(179,774)	116,664
Balance – end of year	12,434,095	29,880,633

The fair value of the investment in associate as at December 31, 2019 was $12,434,095 (December 31, 2018 – $18,740,283).

(in Canadian dollars)

The following summarized financial information of SRG as at December 31, 2019 and 2018 and for the year ended December 31, 2019 and 2018, including fair value adjustments made at the time of recognition of the interest. In addition, considering that the E&E expenditures accounting policy of SRG is different from the Company, the financial information of SRG have been harmonized to the Company's accounting policies:

	2019 $	2018 $
Balance sheet		
Current assets	360,281	5,191,152
Non-current assets	25,552,301	35,138,977
Current liabilities	4,812,336	1,802,239
Non-current liabilities	96,250	-
Equity	11,156,941	13,410,613
Net loss and comprehensive loss		
Revenue	-	-
Net loss and comprehensive loss	4,038,722	3,831,545

10 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 to be settled in five tranches. The sale was expected to fully close by December 15, 2019. The closing of each tranche is conditional on the full and complete closing of each preceding 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 otherwise be obtained at each tranche. On initial classification as asset held for sale a derivative financial instrument liability of $123,500 was recognized in the consolidated statement of financial position. In addition, the Company assessed the carrying amount and the fair value less cost of sell and recognized an impairment of $3,063,979 in the 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 decreased the asset held for sale by $1,510,600 and recorded a loss on disposal of asset held for sale of $189,000 as well as a reversal of impairment of $149,400 in the consolidated statement of loss and comprehensive loss.

As at December 31, 2019, the Company recognized a gain on fair value of a derivative financial instrument of $283,500 as well as an additional impairment of $398,400 in the consolidated statement of loss and comprehensive loss.

(in Canadian dollars)

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

	2019 $
Balance – beginning of year	-
Initial recognition as an asset held for sale (Note 9)	9,869,979
Disposal	(1,510,600)
Impairment	(3,312,979)
Balance – end of year	5,046,400

The continuity of the Company's derivative financial instrument asset (liability) is as follows:

	2019 $
Balance – beginning of year	-
Initial recognition	(123,500)
Gain on fair value	283,500
Balance – end of year	160,000

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

	2019 $
Investing activities	1,321,600

11 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 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 Canadian dollars)

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.

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 18, 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 $5,153,148 as at December 31, 2019) and F CFA 760,000,000 for PR 839 (approximately $1,691,746 as at December 31, 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 $1,858,693 as at December 31, 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 $21,649,750 as at December 31, 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:

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Ivory Coast Government	10%
	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 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 ($5,104,176 as at December 31, 2019) before the term of the exploration permit.

The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

(in Canadian dollars)

Grata property

On December 16, 2019, the exploration permit No. 604 ("PR604"), which covers 92 square kilometers of property in Ivory Coast which expires on December 8, 2022, was renewed. In accordance with PR604, Sama CI agreed to complete an exploration program evaluated at F CFA 1,018,000,000 ($2,266,049 as at December 31, 2019) before the term of 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 18, 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 $2,493,099 as at December 31, 2019) before the term of the exploration permit.

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

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

	2017 $	Activity $	2018 $	Activity $	2019 $
Samapleu property					
Acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Drilling	5,034,190	275,396	5,309,586	265,769	5,575,355
Camp operation costs and other expenses	4,978,537	109,199	5,087,736	367,522	5,455,258
Geology and prospecting	2,494,846	89,654	2,584,500	55,151	2,639,651
Geophysics	1,369,164	12,032	1,381,196	227,492	1,608,688
Engineering study	556,109	60,615	616,724	329,294	946,018
Geochemistry	520,363	8,242	528,605	14,852	543,457
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	35,461	75,149
	19,681,336	665,010	20,346,346	1,303,404	21,649,750
Zérégouiné property					
Camp operation costs and other expenses	491,911	1,328,386	1,820,297	849,286	2,669,583
Drilling	276,803	471,255	748,058	1,269,142	2,017,200
Geophysics	121,792	708,697	830,489	741,670	1,572,159
Geology and prospecting	349,430	236,212	585,642	162,811	748,453
Geochemistry	8,674	-	8,674	31,882	40,556
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	1,430	-	1,430	-	1,430
Stock-based compensation	-	122,155	122,155	120,691	242,846
	1,253,616	2,866,705	4,120,321	3,175,482	7,295,803

(in Canadian dollars)

	2017 $	Activity $	2018 $	Activity $	2019 $
Grata property					
Camp operation costs and other expenses	92,633	72,144	164,777	318,393	483,509
Geophysics	21,787	69,219	91,006	238,309	329,315
Geology and prospecting	20,700	51,572	72,272	36,449	108,721
Drilling	39,577	-	39,577	7,215	46,792
Geochemistry	-	-	-	2,744	2,744
Environmental study	1,590	-	1,590	-	1,590
Stock-based compensation	-	6,304	6,304	16,023	22,327
	176,287	199,239	375,526	619,472	994,998
Zoupleu property					
Geology and prospecting	-	-	-	929	929
	-	-	-	929	929
Total E&E assets	21,111,239	3,730,954	24,842,193	5,099,287	29,941,480

12 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.

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

On April 13, 2018, the Company closed its private placement with HPX, as described in Note 19, 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 fourth quarter of 2018, a total of 1,000,000 warrants were exercised at a price of $0.15 per warrant for total proceeds of $150,000.

(in Canadian dollars)

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.

During the fourth quarter ended December 31, 2019, a total of 17,857,143 warrants were exercised at a price of $0.28 per share for total proceeds of $5,000,000.

Warrants

The following table shows the changes in warrants:

	2019		2018	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding – Beginning of year	39,922,406	0.25	26,251,240	0.22
Granted	-	-	25,000,000	0.28
Exercised	(26,175,000)	0.27	(6,889,107)	0.23
Expired	-	-	(4,439,727)	0.28
Outstanding and exercisable – End of year	13,747,406	0.19	39,922,406	0.25

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

		2019	2018
Expiration date	**Exercise price $**	**Number of warrants outstanding**	**Number of warrants outstanding**
April 13, 2020	0.28	-	25,000,000
August 26, 2020	0.25	4,695,240	4,795,240
September 14, 2020	0.25	901,666	901,666
May 19, 2021	0.15	2,731,000	2,731,000
July 29, 2021	0.15	1,494,500	2,494,500
December 9, 2021	0.15	3,925,000	4,000,000
		13,747,406	39,922,406

(in Canadian dollars)

13 Stock options

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

The following table shows the changes in stock options:

	2019		2018	
	Number of stock options	**Weighted average exercise price $**	**Number of stock options**	**Weighted average exercise price $**
Outstanding – Beginning of year	14,960,000	0.24	12,760,000	0.21
Granted	5,305,000	0.24	4,055,000	0.33
Exercised	(740,000)	0.23	(1,755,000)	0.22
Expired	(1,605,000)	0.21	-	-
Cancelled	-	-	(100,000)	0.27
Outstanding – End of year	17,920,000	0.24	14,960,000	0.24
Exercisable – End of year	14,647,500	0.25	12,667,500	0.23

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

	2019	2018
Weighted average price at the grant date	$0.24	$0.33
Weighted average exercise price	$0.24	$0.33
Expected dividend	-	-
Expected average volatility	103.25%	102.37%
Risk-free average interest rate	1.79%	2.31%
Expected average life	10 years	10 years
Weighted fair value per share option	$0.22	$0.30

An expense for stock-based compensation of $1,247,768 was recognized during the year ended December 31, 2019 (2018 – $945,294). An amount of $1,075,593 (2018 – $816,835) was recognized in the consolidated statement of loss and comprehensive loss and $172,175 (2018 – $128,459) was capitalized to the exploration and evaluation assets.

(in Canadian dollars)

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

		2019		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
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 (a)	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	3,655,000	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	45,000	60,000	15,000
February 19, 2029	0.27	3,225,000	1,612,500	-	-
December 19, 2029	0.19	2,080,000	520,000	-	-
		17,920,000	14,647,500	14,960,000	12,667,500

14 Income taxes

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	2019 $	2018 $
Deferred tax expense (income)		
Origination and reversal of temporary differences	(1,829,403)	272,066
Deferred tax expense arising from the write-down of a deferred tax asset	58,551	21,903
Total deferred tax expense (income)	(1,770,852)	293,969

(in Canadian dollars)

Relationship between expected tax expense (income) and accounting profit or loss

The relationship between the expected tax expense (income) based on the combined income tax rate in Canada and the reported tax expense (income) in the statement of loss and comprehensive loss can be reconciled as follows:

	2019 $	2018 $
Loss before income taxes	(13,718,515)	(3,349,681)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.60 % (2018 – 26.70%)	(3,649,125)	(894,365)
Non-taxable portion of gains	1,469,022	-
Loss of tax attributes	241,465	640,725
Stock-based compensation	286,108	218,095
Non-deductible items	(198,629)	50,570
Adjustments from prior years	2,569	249,697
Other	19,187	7,344
Change in unrecognized temporary differences	58,551	21,903
Deferred tax expense (income)	(1,770,852)	293,969

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities.

	Balance on January 1, 2019 $	Profit (loss) $	Equity $	Balance on December 31, 2019 $
Deferred income tax liabilities				
Property, plant and equipment	(5,277)	(45,025)	-	(50,302)
Asset held for sale	-	(492,688)	-	(492,688)
Derivative financial instrument	-	(21,200)	-	(21,200)
Investment in associate	(3,305,740)	2,091,717	-	(1,214,023)
Exploration and evaluation assets	(5,478,939)	(1,042,519)	-	(6,521,458)
	(8,789,956)	490,285	-	(8,299,671)
Deferred income tax assets				
Non-capital loss carry forwards	3,660,582	1,301,816	-	4,962,398
Share issuance costs	63,706	(27,739)	-	35,967
Reserves	16,107	(16,107)	-	-
Convertible debenture	-	22,316	-	22,316
Property, plant and equipment	18,345	281	-	18,626
	3,758,740	1,280,567	-	5,039,307
Deferred income tax asset (liability)	(5,031,216)	1,770,852	-	(3,260,364)

(in Canadian dollars)

	Balance on January 1, 2018 $	Profit (loss) $	Equity $	Balance on December 31, 2018 $
Deferred income tax liabilities				
Property, plant and equipment	(61,318)	56,041	-	(5,277)
Investment in associate	(3,412,587)	106,847	-	(3,305,740)
Exploration and evaluation assets	(4,583,242)	(895,697)	-	(5,478,939)
	(8,057,147)	(732,809)	-	(8,789,956)
Deferred income tax assets				
Non-capital loss carry forwards	3,214,095	446,487	-	3,660,582
Share issuance costs	60,982	(33,892)	36,616	63,706
Reserves	-	16,107	-	16,107
Property, plant and equipment	8,207	10,138	-	18,345
	3,283,284	438,840	36,616	3,758,740
Deferred income tax asset (liability)	(4,773,863)	(293,969)	36,616	(5,031,216)

Unrecognized deferred tax assets

As at December 31, 2019 and 2018, the Company has the following temporary differences for which no deferred tax has been recognized:

	2019 $	2018 $
Non-capital loss carry forwards	436,802	220,647

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2019, deferred tax assets totalling $115,292 (2018 – $58,253) have not been recognized.

(in Canadian dollars)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Canada $	Ivory Coast $	Total $
2022	-	533,420	533,420
2023	-	2,801,533	2,801,533
2024	-	6,280,515	6,280,515
2025	14,786	-	14,786
2026	50,297	-	50,297
2027	72,805	-	72,805
2028	74,906	-	74,906
2029	464,777	-	464,777
2030	694,242	-	694,242
2031	761,713	-	761,713
2032	828,187	-	828,187
2033	1,016,786	-	1,016,786
2034	813,639	-	813,639
2035	192,412	-	192,412
2036	609,825	-	609,825
2037	966,118	-	966,118
2038	1,601,096	-	1,601,096
2039	708,062	-	708,062
Losses that may be carried forward indefinitely	-	1,193,516	1,193,516
	8,869,651	10,822,629	19,692,280
Non-capital losses recognized against the deferred tax liability	(8,456,041)	(10,799,437)	(19,255,478)
	413,611	23,192	436,802

15 Additional cash flow information

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

	2019 $	2018 $
Depreciation included in E&E assets	211,565	174,373
Stock-based compensation included in E&E assets	172,175	128,459
Change in E&E assets included in accounts payable and accrued liabilities	(42,756)	529,379

16 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its exploration and evaluation activities. Therefore, the Company monitors the level of risk associated with its E&E assets relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the exploration and evaluation of its E&E assets, the Company prepares annual expenditure budgets which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its E&E assets for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of its E&E assets.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2019.

The changes in the capital are disclosed in the consolidated statement of changes in shareholders' equity.

17 Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company views credit risk on trade and other amounts receivable as minimal. The Company is also exposed to credit concentration risk by holding cash and cash equivalents. This risk is minimized by holding cash and cash equivalents balances with large Canadian financial institutions and a minimal amount in its subsidiary in West Africa.

Liquidity risk

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2019, the Company had cash and cash equivalents of $5,203,928 (2018 – $5,779,248) to settle account payable and accrued liabilities of $728,862 (2018 – $898,033).

As at December 31, 2019, management does not consider current funds to be sufficient for the Company to continue operating considering the budgeted expenditures (Note 1). Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity instruments, further expenditure reductions, or other measures. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. 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.

(in Canadian dollars)

Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Company's financial instruments as at December 31, 2019 and 2018 consist of cash and cash equivalents, trade and other amounts receivable, due from a related company, bridge loan, convertible debenture, asset held for sale and accounts payables and accrued liabilities. The Company's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

Market risk

Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to the following foreign exchange (''FX'') risk.

	December 31, 2019 in CAD $	Impact of 10% change in FX $	December 31, 2018 in CAD $	Impact of 10% change in FX $
Cash and cash equivalent				
United States dollar	919	92	178,370	17,837
CFA Franc	118,603	11,860	498,737	49,874
Convertible debenture and accrued interests				
United States dollar	1,353,753	135,375	-	-
Accounts payable and accrued liabilities				
United States dollar	(331,441)	(33,144)	(135,063)	(13,506)
CFA Franc	(170,444)	(17,044)	(410,200)	(41,020)
	971,390	97,139	131,844	13,185

As at December 31, 2019, the Company also entered into a share purchase agreement to sell 6,640,000 common shares of SRG to a third party for an aggregate purchase price of US$4,000,000 ($5,206,400). Assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the foreign currency would result in an increase or a decrease of approximately $520,640 in the Company's statement of loss and comprehensive loss.

Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies, as outlined above. As the Company has not yet developed commercial mineral interests, its exposure to commodity price risk at this time is limited. However, the Company is indirectly exposed to commodity price risk as it impacts the Company's access to capital and funding.

18 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.

Transactions with key management personnel

During the year ended December 31, 2019, the Company incurred fees of $123,900 with the CFO (2018 – $107,675). These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2019, $18,900 (2018 – $16,425) is due to the CFO. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2019, the Company paid a salary of $39,480 (2018 – $35,400) to an officer. These fees are recorded under salaries and benefits in the consolidated statement of loss and comprehensive loss. As at December 31, 2019, no amount (2018 – $5,400) was due to the officer.

During the year ended December 31, 2019, the Company incurred fees of $298,992 (2018 – $298,992) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of $114,998 (2018 – $114,998) has been recorded under consulting fees in the consolidated statement of loss and comprehensive loss and $183,994 (2018 – $183,994) has been capitalized to the Company's exploration and evaluation assets. As at December 31, 2019 $69,000 (2018 – $69,770) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2019, Sama recognized a stock-based compensation of $923,768 (2018 – $553,118) in connection with stock options granted to officers and directors This stock-based compensation was recognized in the consolidated statement of loss and comprehensive loss.

Transactions with related parties

During the year ended December 31, 2019, the Company incurred fees of $139,581 (2018 – $139,581) with a corporation controlled by the Company's Executive Chairman. An amount of $130,000 (2018 – $130,000) was recorded under consulting fees and $9,581 (2018 – $9,581) under general and other expenses in the consolidated statement of loss and comprehensive loss. As at December 31, 2019, $30,000 (2018 – $36,324) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2019, the Company incurred fees of $109,150 (2018 – $98,825) with a company controlled by the Vice-president Legal and Corporate Affairs. These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2019, $16,650 (2018 – $15,075) is due to the company controlled by the Vice-president Legal and Corporate Affairs.

During the year ended December 31, 2019, the Company charged an amount of $25,397 to SRG (2018 – $445,686) as part of drilling and services agreements. As at December 31, 2019, no amount (2018 – $62,344) is due from SRG.

On June 18, 2019 the Company signed a bridge loan agreement with SRG for an amount of $1,000,000 as described in Note 6. As at December 31, 2019, an amount of $742,055 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 7. As at December 31, 2019, an amount of US$1,040,068 ($1,213,131) 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, 2020, 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 December 31, 2020, the total amount payable in respect of severance, if elected by the officers would amount $1,163,750.

19 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.

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 and December 18, 2019, HPX exercised a total of 25,000,000 warrants at a price of $0.28 per share for total proceeds of $7,000,000.

(in Canadian dollars)

20 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:

			2019 $
	Canada	**Ivory Coast**	**Total**
Revenues from services contracts	-	25,397	25,397

			2018 $
	Canada	**Ivory Coast**	**Total**
Revenues from drilling contracts	-	285,051	285,051
Revenues from services contracts	-	160,635	160,635
	-	445,686	445,686

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

			2019 $
	Canada	**Ivory Coast**	**Total**
Deposit on property, plant and equipment	-	447,414	447,414
Deposit on exploration and evaluation assets	-	2,496	12,413
Property, plant and equipment	755	1,049,178	1,049,933
Exploration and evaluation assets	-	29,941,480	29,941,480
Investments in associate	12,434,095	-	12,434,095
	14,434,850	31,440,568	43,875,418

			2018 $
	Canada	**Ivory Coast**	**Total**
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
	29,881,766	25,810,509	55,692,275

21 Subsequent events

COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. During this period of uncertainty, the Company priority is to safeguard the health and safety of personnel and host communities, support and enforce government actions to slow the spread of COVID-19, and to continually assess and mitigate the risks to the business operations.

The Company has implemented a COVID-19 response plan that includes a number of measures to safeguard against the spread of the virus at its offices and sites. Although there have not been any impacts to the Company's operations in Côte d'Ivoire, the Company cannot provide assurance that there will not be disruptions to its operations in the future. If the Company's operations are impacted or expected to be impacted, the Company will seek measures to preserve cash including suspension of discretionary spending and other legal means to reduce and minimize contractual spending.

Investments in SRG

On March 5, 2020, the Company acquired 250,000 units of SRG at a price of $0.50 per unit for a total investment of $125,000. Each unit comprises one common share of SRG and one non-transferable share purchase warrant. Each whole warrant entitles the holders to purchase, for a period of 36 months from the date of closing, one additional common share of SRG at an exercise price of $1.00 per warrant.

On March 9, 2020, the Company received a payment of interest from SRG of $53,562 and US$56,712 which covered interest receivable up to February 29, 2020 on the bridge loan and the convertible debenture.

On April 2, 2020, the Company agreed to convert its convertible debenture of US$1,000,000 ($1,416,970) at a conversion price of $0.91 per common share in exchange for 1,557,110 common shares of SRG. Following the conversion as well as the investment described above, the Company holds a total of 24,805,377 common shares in SRG representing an interest of 31.90%.

Termination of the sale purchase agreement (Note 10)

On March 31, 2020, the Company terminated the share purchase agreement for the sale of the remining 6,640,000 common shares of SRG given the inability of the third party to fulfill the initial conditions of the agreement.

Issuance of stock options

During the first quarter ended March 31, 2020, a total of 125,000 stock options were exercised at a price of $0.085 per share for total proceeds of $10,625.