



SAMA RESOURCES INC./RESSOURCES SAMA INC.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

**TSX.V: SME**

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# **SAMA RESOURCES INC. / RESSOURCES SAMA INC.**

Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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## **SCOPE OF MD&A AND NOTICE TO INVESTORS**

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of November 21, 2016, and complements the unaudited interim condensed consolidated financial statements of Sama Resources Inc. / Ressources Sama Inc. ("Sama" or the "Company"), for the third quarter ended on September 30, 2016, which are compared to the third quarter ended September 30, 2015.

The interim condensed consolidated financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Corporation. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2015. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The Company's independent auditors have not conducted a review of the interim condensed consolidated financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial report.

Management of the Company is responsible for the preparation and presentation of the condensed interim and annual consolidated financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The unaudited interim condensed consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Corporation's Board of Directors on November 21, 2016. These documents and more information about the Corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

Certain statements made in this MD&A are forward-looking statements or information. The Corporation is hereby providing cautionary statements identifying important factors that could cause the Corporation's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Corporation has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Corporation. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation that could influence actual results include, but are not limited to: future capital requirements, intellectual property protection and infringement risks, competition, reliance on key management personnel and the other risks factors summarized below under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Corporation does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

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## **COMPANY OVERVIEW**

Sama is a Canadian-based mineral exploration and development business currently with activities in Africa. The Company was incorporated on July 11, 2006 under the Business Corporations Act of British Columbia. On February 5, 2007, the Company completed its initial public offering and the Company's common shares began trading on the TSX Venture Exchange (the "TSX-V") as a capital pool company on February 7, 2007. On November 17, 2009, the Company completed its qualifying transaction whereby the Company was granted the right to acquire 100% of the Bonanza Property from Terraco Gold Corp. ("Terraco"). On March 26, 2010, Sama acquired all of the issued and outstanding common shares of Sama Nickel Corporation ("Sama Nickel"), a Canadian-controlled private mineral exploration corporation and its wholly-owned subsidiary Sama Nickel Côte d'Ivoire SARL ("Sama CI"). As a result of this transaction, the Company acquired Sama Nickel's 100% interest in the Samapleu Project ("Samapleu Property") located in Côte d'Ivoire, Africa. The Company terminated its option to acquire the Bonanza Property on June 13, 2011. 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 and changed its name from Sama Resources Inc. to Sama Resources Inc / Ressources Sama Inc. On September 01, 2016, Mrs. Isabelle Gauthier CPA, CA replaced M. Bryan McKenzie as the new Chief Financial Officer (CFO) of the Company. On September 22, 2016, the Company move his head office from Vancouver, BC, to the Town of Mont-Royal in Québec province.

## **OVERALL PERFORMANCE**

During the nine months ended September 30, 2016, the Company maintained its priorities on the Samapleu and Grata Properties located in Côte d'Ivoire and at the Lola Graphite property in Guinea, Africa. The Company proceed with the intention to spin-off the Lola graphite property in Guinea into a new entity through a proposed Revers Takeover (RTO) with Section Rouge Media Inc of Longueil, QC. The closing of the RTO is expected to take place before the end of 2016.

The exploration programs and technical disclosure for the Company are designed by Marc-Antoine Audet, P.Geo, PhD, President and Chief Executive Officer of Sama who is a 'qualified person', as defined by National Instrument 43-101, Standards for Disclosure for Mineral Projects ("NI 43-101").

During the nine months ended September 30, 2016, the Company continued to investigate new properties and mineral claims that show exploration potential and would create shareholder value. As well, the continued exploration success in the vicinity of the Samapleu Property is being continually monitored and evaluated.

## **HIGHLIGHTS**

- On July 06, 2016, the Company and Section Rouge Media Inc. (TSX.V: SRO) ("Section") announced that they have entered into an arm's length letter of intent dated June 23, 2016 to acquire 100% of the shares of Sama Resources Guinea SARL ("SRG"), a wholly-owned subsidiary of Sama resulting in a reverse take-over of Section. SRG's principal asset is exploration permit N°2013/4543/MMG/DNM, known as the Lola Graphite Project, located near the town of Lola in eastern Republic of Guinea.
- On July 11, 2016, the Company extended the previously announced non-brokered private placement of up to 5,000,000 units at a price of CAN\$0.10 per Unit, for total gross proceeds of up to CAN\$500,000. Each Unit comprised one common share of the Company and one share purchase warrant. Each whole Warrant will entitle the holder thereto to purchase, for a period of five (5) years, one additional Share at an exercise price per Warrant Share of CAN\$0.15.
- On July 29, 2016, the Company announced the closing of the non-brokered private placement announced on May 9, 2016 and extended on July 11, 2016. The Corporation has issued a total of 6,550,500 units of Sama at a price of \$0.10 per Unit for gross proceeds of CAD\$655,050.

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- On August 09, 2016, the Company announced that they have signed a definitive share exchange agreement with respect to the reverse take-over of Section announced on July 6, 2016. The parties anticipate that, after the completion of the Transaction, Sama will hold a majority interest in Section, several members of Sama's current board will become directors of Section, and Sama's President & CEO, Marc-Antoine Audet, will hold that same position with Section.
- On September 01, 2016, the Company appointed Mrs. Isabelle Gauthier (CPA, CA) as Chief Financial Officer ("CFO") effective September 1, 2016. Mr. Bryan McKenzie has resigned his position as CFO effective August 31, 2016.
- On September 22, 2016, the Company move its head office from Vancouver, BC, to the Town of Mont-Royal, QC.
- On September 28, 2016, the Company announced that it will proceed with a down-hole geophysical survey at two project locations in Ivory Coast, West-Africa. The geophysical testing will commence in October and surveyed boreholes will include the 620 meters long SM34-564718 at the Samapleu main deposit and the recently drilled 342 m long GR72-787708 at the Grata property. The survey will be performed under the supervision of Abitibi Geophysics, Val d'Or, Canada.
- On October 17, 2016, an amended Technical Report on the Lola Graphite property prepared by Jean Laforest, ing dated October 13, 2016, and prepared in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101 Report") was filed on SEDAR in relation with the reverse takeover transaction.
- On October 13, 2016, the Company announced that it intends to amend the expiry date of an aggregate total of 5,992,001 unexercised share purchase warrants (the "Warrants") by a further 18 months. The extension is subject to the approval of the TSX Venture Exchange (the "Exchange"). Pursuant to the non-brokered unit private placement announced on December 9, 2014 and closed in two tranches with an initial tranche closing on December 19, 2014, for a total of 5,811,092 Warrants being issued and expiring on December 19, 2016. The final tranche closing on February 6, 2015, for a total of 180,909 Warrants being issued and expiring on February 5, 2017. All Warrants currently remain outstanding. The expiry date will be extended to June 19, 2018 and August 8, 2018 for the respective tranches. All other terms of the Warrants will remain the same. Under the policies of the Exchange, the 5,700 additional Warrants issued as finders' fees are not eligible to be extended.
- On November 4, 2016, the Company announced that in connection with the proposed reverse takeover of Section by the Company, Section has closed a non-brokered private placement of 17,550,000 subscription receipts at a price of \$0.10 per subscription receipt for gross proceeds of \$1,755,000. Each subscription receipt will automatically convert upon completion of the transaction into one common share of the new Section. The subscription receipts and any shares issued upon their conversion are subject to a hold period of four months and one day. In connection with this private placement, Section has agreed to pay to certain intermediaries an aggregate cash commission of \$19,800 and to issue them a total of 198,000 broker warrants. Each such broker warrant entitles its holder to subscribe for one share at a price of \$0.15 for a period of 12 months. The proceeds of the offering, together with the cash commission and broker warrants, will be held in trust until the completion of the transaction.

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## MINERAL PROPERTY PORTFOLIO

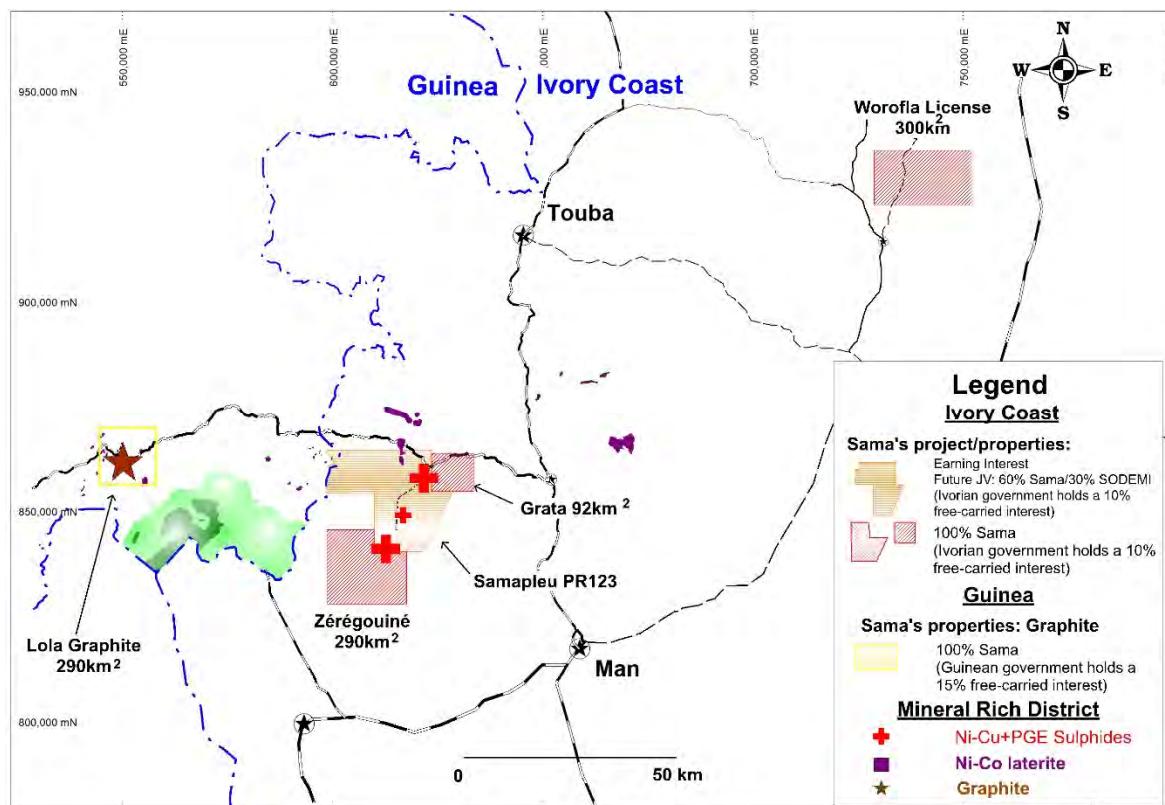


Figure 1: Exploration permits in the Ivory Coast and in Guinea

### Samapleu Property (PR123)

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

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

On October 25, 2015, Sama Nickel and SODEMI extended certain terms of PR123 resulting in a license extension to June 25, 2017.

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted up to a maximum of F CFA 834,999,457 (approximately \$1,875,885 as at September 30, 2016) 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.

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The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Côte d'Ivoire Government	10%
	100%

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

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

The company's exploration objective is to delineate massive sulphide reservoirs that could be the source of high grade nickel ("Ni") – copper ("Cu") - palladium ("Pd") lenses intercepted in shallower boreholes at the Samapleu deposits. The Table 1 has select highlights of high-grade drill results at the Samapleu and Yepleu.

Table 1: Highlight table of high-grade drill intercepts previously reported

Hole-ID	From m	To m	Interval m	Ni %	Cu %	Pd gr/t	Date of News Release
<b>Samapleu Deposits</b>							
SM44-428267	15.00	68.90	53.90	0.96	0.76	0.74	April 20, 2015
including	<b>57.65</b>	<b>60.55</b>	<b>2.90</b>	<b>4.45</b>	<b>2.20</b>	<b>3.08</b>	
including	<b>62.90</b>	<b>68.00</b>	<b>5.10</b>	<b>3.87</b>	<b>2.56</b>	<b>2.83</b>	
SM25-133537	30.00	63.00	33.00	0.38	0.31	0.63	April 20, 2015
including	<b>32.45</b>	<b>36.65</b>	<b>4.20</b>	<b>1.13</b>	<b>1.03</b>	<b>1.75</b>	
SM44-683140	347.00	495.85	149.00	0.30	0.29	0.42	August 12, 2014
including	<b>347.00</b>	<b>356.20</b>	<b>9.20</b>	<b>0.46</b>	<b>1.12</b>	<b>1.11</b>	
SM44-693140b	513.20	604.40	91.20	0.25	0.17	0.24	August 12, 2014
including	<b>513.95</b>	<b>514.25</b>	<b>0.30</b>	<b>0.19</b>	<b>6.55</b>	<b>1.99</b>	
including	<b>594.15</b>	<b>597.55</b>	<b>3.40</b>	<b>1.12</b>	<b>0.50</b>	<b>1.61</b>	
SM44-494350b	11.00	64.00	53.00	0.52	0.50	0.31	February 16, 2012
including	<b>29.20</b>	<b>34.80</b>	<b>5.60</b>	<b>1.91</b>	<b>1.71</b>	<b>0.94</b>	
SM44-450250b	33.50	92.90	59.40	0.89	0.86	0.81	June 20, 2011
including	<b>85.25</b>	<b>91.90</b>	<b>6.65</b>	<b>3.80</b>	<b>2.92</b>	<b>3.09</b>	
SM44-492354	10.00	61.00	51.00	0.72	0.61	0.45	January 10, 2011
including	<b>36.00</b>	<b>46.00</b>	<b>10.00</b>	<b>1.76</b>	<b>1.30</b>	<b>1.00</b>	
including	<b>24.00</b>	<b>29.00</b>	<b>5.00</b>	<b>1.32</b>	<b>1.18</b>	<b>0.75</b>	
SM44-450250	13.50	102.80	89.30	0.66	0.64	0.58	May 31, 2010
including	<b>86.60</b>	<b>101.60</b>	<b>17.00</b>	<b>1.99</b>	<b>1.96</b>	<b>1.49</b>	
SM25-112519	22.00	144.00	122.00	0.44	0.32	0.94	
including	<b>84.90</b>	<b>95.90</b>	<b>11.00</b>	<b>1.89</b>	<b>0.78</b>	<b>2.84</b>	
SM24-661614	67.30	244.00	176.70	0.26	0.20	0.49	June 26, 2010
including	162.00	170.60	8.60	1.02	0.95	1.51	
<b>Yepleu</b>							
YE34-418407a	26.15	48.00	21.85	0.42	0.23	0.12	January 14, 2014
including			4.40	<b>1.13</b>	<b>0.14</b>	<b>0.29</b>	

## Samapleu Nickel-Copper Type Mineralization

Since 2009, the Company's regional exploration work highlights the prospective potential of the entire PR123 area. In addition to the Samapleu Main deposit and the nickel-cobalt rich laterite Sipilou South deposit, there were several mineralized sectors that have been identified within the PR123 area, including Sama's discovered Samapleu Extension 1 deposit, the Yorodougou occurrence and the Yepleu occurrence as well as numerous massive chromite showings, all part of the newly discovered Yacouba Layered Complex.

The Samapleu and Yepleu deposits mineralization and geological characteristics are typical of a layered Pipe like Intrusion or conduit-hosted nickel deposits. These rare type of intrusions host the world's largest nickel-copper deposits such as: Jinchuan (515 million tonnes ("Mt") at 1.06% nickel), Voisey Bay (137Mt at 1.68% nickel), Kabanga (52Mt at 2.65% nickel), Eagle (4.5Mt at 3.33% nickel), Eagle Nest (20Mt at 1.68% nickel), Kalatongke (24Mt at 0.68% nickel), and N'komati (2.8Mt at 2.08% nickel).

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The Yacouba's mafic and ultramafic hosts were intruded within the older gneissic assemblage of the West Africa's craton. It is interesting to note that the age for the Yacouba Layered Complex is almost the same as the large and mineral rich South-African Bushveld complex (host of the Ivanhoe's large Flatreef palladium-Nickel deposit and numerous other chromite+ Platinoid Group Elements deposits as well as the nearby N'Komati nickel-copper-palladium deposit).

Samapleu and Yepleu deposits are typical magmatic Nickel-Copper- Platinum group elements ("PGE") deposits with common metallurgical characteristics. Nickel and copper mineralization (pentlandite, chalcopyrite, combined with pyrrhotite, rarely pyrite) correspond to sulphide disseminations ranging from trace to 40% and semi-massive to massive (40% to 100% sulphides) sulphide rich lenses often spatially associated with highly breccia texture in pyroxenites mostly.

The semi-massive and massive sulfide veins display a number of characteristics suggesting that they are part of a larger mineralizing system:

1. Extreme variations in nickel:copper ratio indicative of fractionation of sulfides.
2. Association with varied textured and brecciated facies.
3. Presence of an unusual texture called loop texture. Large pyrrhotite crystals (5 centimeters in diameter) are rimmed by smaller chalcopyrite and pentlandite that define a loop that encloses the pyrrhotite. These textures are seen at Norilsk and Voiseys Bay nickel-copper-PGE deposits.
4. Abundant sulfide inclusions (globules) within pyroxene crystal indicating sulfur (S) saturation took place before pyroxene crystallization (at depth).

It is to be noted that the mineralization is open at depth at the Samapleu deposits and remains mostly untested below 200 m from the surface. The mineralization is open at depth but also along strike at the Samapleu Extension 1. The Company's regional compilation and exploration work highlights the very highly prospective potential of the whole area surrounding these known intersections.

The Company also completed a 13,500 line/km airborne magnetometer and radiometric survey over the Samapleu Property and a portion of the Lola Property; 3,900 line/km of airborne helicopter time domain electromagnetic and magnetic survey ("HTEM") at the Samapleu Property; and 60 line/km of InfiniTEM ground geophysical survey over Samapleu Main and Extension 1 deposits and the Yepleu Complex. More than 20 priority targets as potential for additional nickel-copper-platinum group elements mineralization have been outlined. Strong conductors were identified at the Samapleu Main and Samapleu Extension 1 deposits as well as along a corridor of more than 25 km oriented north-east.

Sama's drilling programs started in March 2010, by contracting Orex Africa SARL of Abidjan, Côte d'Ivoire, for the drilling requirement. Subsequently, during the course of 2010, Orex Africa SARL changed their name to Global Exploration Services SARL ("GES"). A track mounted YDX-3L wire line drill rig type was used throughout. A total of 211 boreholes for 22,795 m were drilled using these contractors.

In 2013, Sama purchased their first Coreteck track mounted CSD1300G wire line drill rig. A second drill rig was purchased in 2014. Since then, all drilling activities were performed internally. Table 2 summarizes the drilling programs from July 2010 to September 2016.

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**Table 2: Drilling programs from July 2010 to September 2016**

Area	Contractor drilling		Sama Drilling		Total lengths (m)
	Borehole	m	Borehole	M	
Main Deposit	71	10,630	5	1,590	12,220
Samapleu Extension 1	44	7,044	20	4,513	11,557
Yepleu			24	4,868	4,868
Sipilou Sud Laterite	80	2,688			2,688
Yorodougou	4	735	2	291	1,026
Bounta North chromite			6	659	659
Santa			5	952	952
Grata			2	767	767
Regional	12	1,698			1,698
<b>Total 2010-2015</b>	<b>211</b>	<b>22,795</b>	<b>64</b>	<b>12,814</b>	<b>36,435</b>

Near surface exploration at the Samapleu Project (< 150 m deep) returned centrally located massive sulphide vein stock works encased in a thick halo of disseminated sulphide. Nickel and copper tenors of up to 4-5% and 6-8%, respectively, were obtained in massive sulphide material.

Eleven boreholes were drilled testing the Tri-dimensional Conductivity Depth Imaging ("CDI") targets. All high priority CDI targets could be related to the presence of mineralization in various concentrations including semi-massive to massive lenses within what Sama believes to be the mineralized trend extending at depth and also laterally.

Hole SM44-693140 intercepted a continuous mineralized zone of 149 m grading 0.30% nickel 0.29% copper, 0.04% cobalt, 0.42 grams per tonne ("gpt") palladium. The interval started 347 m from surface and included several semi-massive high grade sulphide lenses, including a 30 m combined interval grading 0.50% nickel, 0.89% copper and 0.83 gpt palladium within intercepts of up to 2.06% nickel and 1.54% nickel.

Hole SM44-683140B intercepted a total of 91m of mineralized pyroxenite with several semi-massive to massive sulphide stringers and lenses before being terminated within the mineralization due to maximum depth capability of our drill rig. Tenors of up to 6.55% copper and an interval of 3.4 m grading 1.12% nickel, 0.50% copper and 1.61 gpt palladium were intercepted at the bottom of the hole which suggest that the mineralization continued at depth.

Hole SM44-428267 intersected 54 m of mineralized pyroxenite, grading 0.96% nickel, 0.76% copper and 0.74 gpt palladium, including a combined 8.0 m of massive sulphide grading 4.08% nickel, 2.43% copper & 2.92 gpt palladium at the Samapleu Main deposit

Several holes should be deepened using a more powerful drilling rig in order to fully test the bottom of the pipe-like intrusion that forms the large fold and returns very strong conductivity responses over a strike length of 1.6 km and links the Samapleu Main and the Extension 1 deposits.

Drilling results confirm the pipe-like intrusion as a 1.6 km long, large fold linking the Samapleu Main and the Extension 1 deposits and solidifies the geological model at depth.

It is planned to perform down hole electromagnetic surveys ("DHTEM") on the SM34-564718 at the Samapleu Main deposit and the recently drilled 342 m long GR72-787708 at the Grata property.

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## Samapleu Extension 1 Deposit

The Samapleu Extension 1 deposit was discovered by Sama in June 2010 and is located 1.3 km to the north of the Samapleu Main deposit. The surface expression of the ultramafic-mafic geological host of the Samapleu Extension 1 deposit and the newly discovered SM34 Sector is approximately 2,000 m long by 50 m to 200 m wide and is still open in both directions. The ultramafic-mafic host is oriented northeast-southwest.

Sixty-four boreholes for 11,557 m were drilled since 2010 at the Samapleu Extension 1 deposit. Borehole SM24-112519 returned 122.0 m grading 0.44% nickel and 0.32% copper and 0.94 gpt of palladium, including 11.0 m @ 1.88% nickel, 0.78% copper and 2.84 gpt palladium; borehole SM25-080542 returned 38.5 m at 0.46% nickel and 0.50% copper and 0.85 gpt palladium and 0.12 gpt platinum; and borehole SM25-039587 returned 129.2 m at 0.26% nickel and 0.17% copper, including 0.41 gpt palladium and 0.06 gpt platinum.

## Yepleu Occurrence

On June 6, 2013, Sama announced the discovery of mineralized surface outcrops grading up to 1.39% nickel and 2.26% copper sulphide (tested using a hand-held Niton XRF analyzer) located 18 km southwest of the Samapleu nickel-copper Deposit.

The discovery, named Yepleu, shows outcrops with up to 25% disseminated sulphide mineralization in mafic and ultramafic rocks and strong mineralization seen at surface on several other outcrops along a NW-SE strike length of 1.7 km, with some of them showing continuous mineralized horizon of up to 25 m strike length.

The sector corresponds to a strong HTEM chargeability anomaly that covers an area of 6 km by 4 km and appears to be open to the west, southwest and south.

The disseminated mineralization is typically characterised by fine isolated grains to large granular aggregates of nickel, copper and iron sulphides. Sulphide phases observed so far include pyrrhotite, chalcopyrite, pentlandite and minor pyrite. Pentlandite occurs as inclusions in pyrrhotite. Disseminated sulphide occurs as fine grains of 0.5 to 1 millimetre in diameter, showing a high ratio of pyrrhotite versus chalcopyrite. Sulphide veinlets and fine filaments are also present. Composite grains of sulphide material are dominant, forming sulphide masses of odd shapes ranging from a few millimetres up to several centimetres in any one dimension. The semi-massive mineralization lenses show between 30% to 70% sulphide minerals.

Hole YE40-438348 (614 m deep) drilled in November 2015 (**Figures 4 & 5**), aimed at testing the geophysical anomaly interpreted from the 2013 HTEM. As expected, the borehole intercepted a sub-horizontal sequence of 366 m thick of alternating diorite/anorthosite and mafic units, part of the Yacouba layered complex, intruding the Archean gneissic host rock and named the Upper Sequence.

A mineralized horizon of 6 m of nickel-copper mineralization, ranging from disseminated to semi-massive sulfides material is located between 360.65 m and 367.30 m, marking the bottom contact of the Upper Sequence. Below 366 m, another layered sequence is present showing a package of diorite/anorthosite together with pyroxenite also intruding the gneissic host rock, named as the Lower Sequence. The borehole was terminated at 614 m for a technical reason, without reaching the targeted depth for the HTEM anomaly.

The disseminated and semi-massive sulphide mineralization of borehole YE40-438348 is characterised by aggregates of nickel, copper and iron sulphides, named pentlandite, chalcopyrite and pyrrhotite, respectively. Pentlandite occurs together with pyrrhotite, while the chalcopyrite, being the third mineral of global abundance appears either mixed with the pentlandite or as late sulfide centimetric veins crosscutting the pentlandite-pyrrhotite material. Contacts between the semi-massive sulphide material and the surrounding quartz-diorite with disseminated sulphides are irregular and sharp indicating that the semi-massive sulphide material has intruded the pyroxenite host originating from a source that is yet to be discovered. Preliminary results using a hand held Niton portable XRF analyser returned an interval of 6.65 m grading 0.30% nickel and 0.26% copper, including 0.55 m at 0.90% nickel and 0.80% copper. This mineralisation is identical in nature to the mineralisation observed near the surface in all the other boreholes drilled in 2014 at the Yepleu prospect.

A subset of the 2013 HTEM survey was re-interpreted by the Danish geophysical group Aarhus Geophysics using the Electromagnetic inversion methodology in order to validate Sama's interpretation. Aarhus' inversion model confirmed the presence of a conductor and also that the area in the vicinity of the borehole YE40-438348 is the most conductive in the Yepleu area.

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Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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Sama is planning to perform a DHTEM in YE40-438348 in order to acquire more precision on the target at depth prior of executing additional boreholes, there is no execution date set yet for the DHTEM.

## Mineral Resource

On December 22, 2015, the Company filed a revised 43-101 compliant mineral resource estimate at the Company's Samapleu Property. The revised mineral resource estimate includes an indicated mineral resource of 14.1 Mt grading 0.24% nickel and 0.20% copper and containing 74.5 Mlb of nickel and 61.2 Mlb of copper, together with an inferred mineral resource of 26.5 Mt grading 0.24% nickel and 0.18% copper and containing 134 Mlb of nickel and 107.2 Mlb of copper (**Table 3**).

Table 3: Samapleu Project Mineral Resources at 0.10% nickel cut-off grade, December 2015.

Classification	Tonnes (,000) t	Contained Nickel (,000) Lbs	Contained Copper (,000) Lbs	Nickel %	Copper %	Cobalt %	Platinum gpt	Palladium gpt	Gold gpt	Rhodium gpt
Indicated	14,159	74,500	61,200	0.24	0.20	0.02	0.11	0.29	0.03	0.01
<b>Total Indicated</b>	<b>14,159</b>	<b>74,500</b>	<b>61,200</b>	<b>0.24</b>	<b>0.20</b>	<b>0.02</b>	<b>0.11</b>	<b>0.29</b>	<b>0.03</b>	<b>0.01</b>
Inferred	26,480	134,000	107,200	0.24	0.18	0.01	0.09	0.31	0.03	0.01

For the nine months ended September 30, 2016, the Company capitalized \$308,230 at the Samapleu Property, resulting in total deferred exploration and mineral property costs of \$17,950,041.

## Estimated expenditures:

The current estimate for expenditures on the Samapleu Property (both corporate and capitalized expenditures) for the year ending December 31, 2016 is approximately \$1,000,000. The expenditure estimate is contingent upon obtaining additional financing.

## Worofla Property (PR 301)

On November 7, 2012, the Company obtained Permit No. 301 ("PR301") which covers 400 square kilometers of property in Côte d'Ivoire, Africa.

In accordance with PR301, the Company must incur expenditure commitments of F CFA 353,000,000 (\$769,540 as at November 7, 2015) before November 7, 2015 (expenditure commitment not met). On October 13, 2015, the Company renewed certain terms of PR301 and has agreed to complete an exploration program of F CFA 390,590,000 (\$877,488 as at September 30, 2016) by October 13, 2018. Upon renewal, the Worofla Property was reduced to 300 square kilometers.

The Worofla Property is 100% owned by the Company and is located 130 kilometres northeast of the Samapleu Property.

The Worofla Property was acquired based on its nickel-copper exploration potential.

For the nine months ended September 30, 2016, the Company capitalized \$192 at the Worofla Property, resulting in total deferred exploration and mineral property costs of \$10,867.

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## Estimated expenditures:

The current estimate for expenditures on the Worofla Property (both corporate and capitalized expenditures) for the year ending December 31, 2016 is approximately \$20,000. The expenditure estimate is contingent upon obtaining additional financing.

### **Zérégouiné Property (PR 300)**

On December 19, 2012, the Company obtained Permit No. 300 ("PR300") which covers 394 square kms of property in Côte d'Ivoire, West Africa.

On October 13, 2015, the Company renewed certain terms of PR300 until October 13, 2018. Upon renewal, the Zérégouiné Property was reduced to 290 square kilometers. The Company has agreed to complete an exploration program of F CFA 614,000,000 (\$1,379,394 as at September 30, 2016) by October 13, 2018. The Zérégouiné Property is 100% owned by the Company and is adjacent to the Samapleu Property.

The Zérégouiné Property has been partially explored with surface mapping and geophysical surveys. The regional geological mapping and the HTEM survey have identified that the geological host of the newly discovered Yepleu nickel-copper-palladium mineralization extends to an area as vast as 6 km x 4 km.

The Zérégouiné Property newly found prospects is outlined by a 6.5 km long strong electromagnetic anomaly with numerous surface gossans and mineralized grab samples including the 8.4%Cu (Nitron XRF analyzer).

Borehole ZE16-233527, drilled down to a depth of 350 m, aimed at testing the presence of mineralized mafic to ultramafic members of the Yacouba complex responsible for the 6.5 kilometer long electro-magnetic anomaly outlined by the 2013 airborne survey. The borehole successfully intersected 210 m of prospective mafic member showing mineralization from disseminated to up to 20% sulphide. Downhole geophysical surveys together with additional drilling are needed to fully evaluate the prospect.

For the nine months ended September 30, 2016, the Company capitalized \$196,863 at the Zérégouiné Property, resulting in total deferred exploration and mineral property costs of \$1,167,279.

## Estimated expenditures:

The current estimate for expenditures on the Zérégouiné Property (both corporate and capitalized expenditures) for the year ending December 31, 2016 is approximately \$1,500,000. The expenditure estimate is contingent upon obtaining additional financing.

### **Grata property (PR 604)**

On December 9, 2015, the Company obtained Permit No. 604 ("PR604") which covers 92 square kilometres of property in Côte d'Ivoire. The Company has agreed to complete an exploration program of F CFA 663,000,000 (\$1,489,476 as at September 30, 2016) by December 9, 2019. The Grata Property is 100% owned by the Company and is located adjacent to the north-eastern boundary of the Samapleu Property.

The property is located adjacent to the north-eastern boundary of the Samapleu exploration permit (PR 123). Sama believes that ultramafic sequences of the recently outlined large Yacouba Layered Complex which hosts the Samapleu Nickel-Copper-Palladium deposits, are extending within the Grata Permit and as such represent a prime target for nickel-copper-palladium mineralization. The borehole GR72-787708 has been terminated at 342m and intersected the typical Yacouba complex sequence including fractured pyroxenite and gabbro with sulphide mineralisation as fractures filling between 180 and 187m.

For the nine months ended September 30, 2016, the Company capitalized \$81,882 at the Grata Property, resulting in total deferred exploration and mineral property costs of \$81,882.

## Estimated expenditures:

The current estimate for expenditures on the Grata Property (both corporate and capitalized expenditures) for the year ending December 31, 2016 is approximately \$200,000. The expenditure estimate is contingent upon obtaining additional financing.

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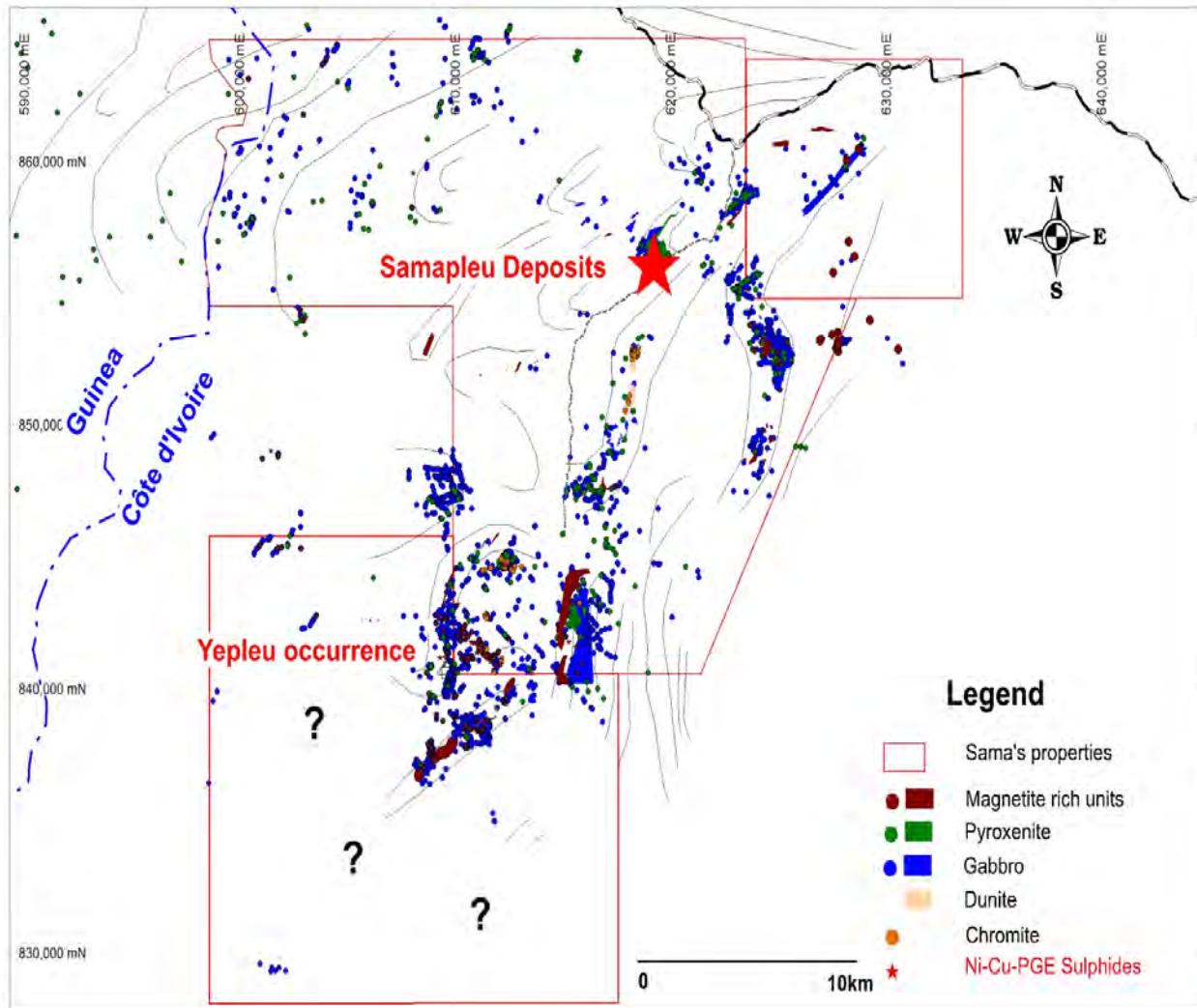


Figure 2: Samapleu, Zérégouiné and Grata Exploration Permits showing prospective sectors together with the geology related to the Yacouba UM layered complex.

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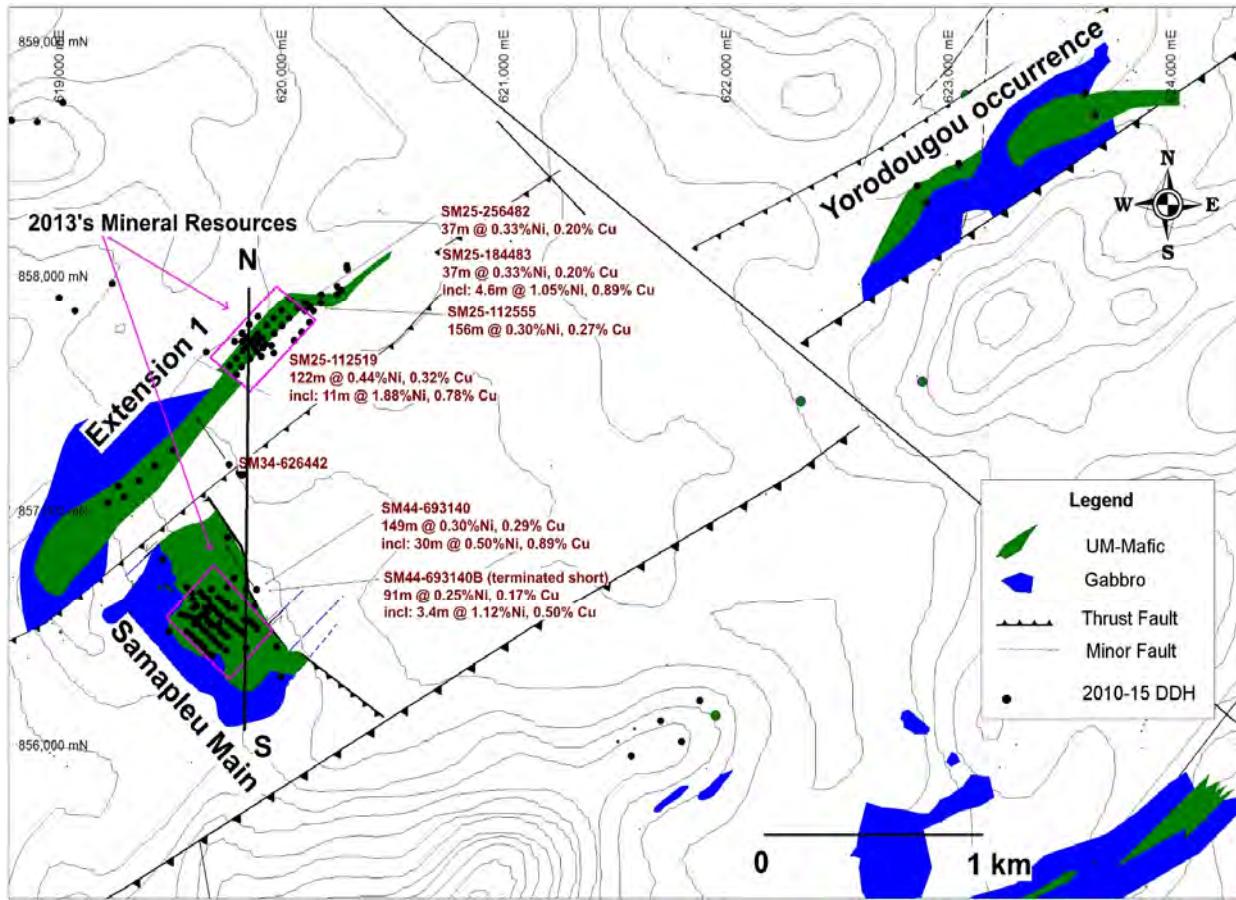


Figure 3: Samapleu Main and Extension 1 deposits together with Yorodougou occurrence.

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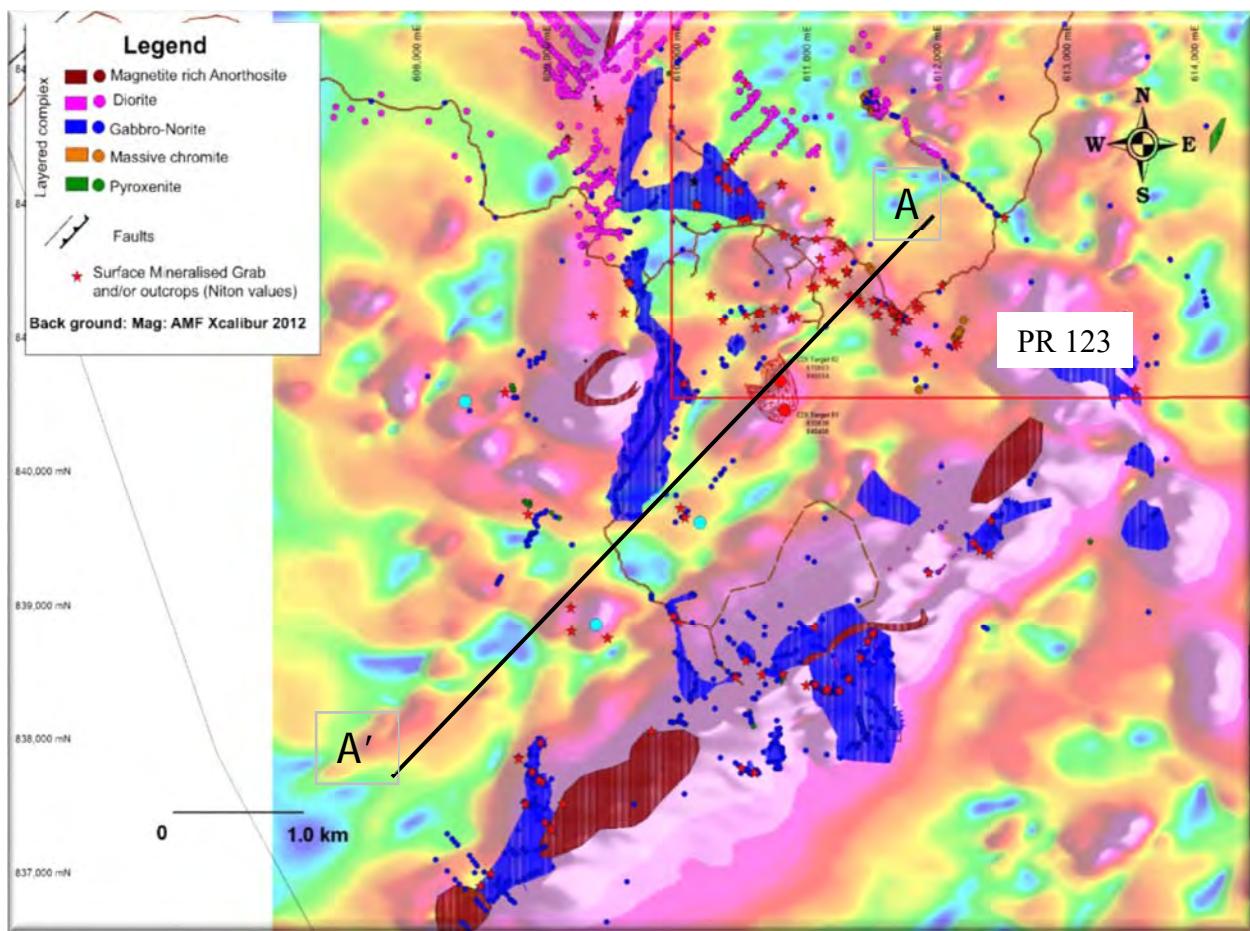


Figure 4: Surface geology and deep target at Yepleu/Zérégouiné (PR 123 - PR 300), cross-section A-A' shown at figure 5.

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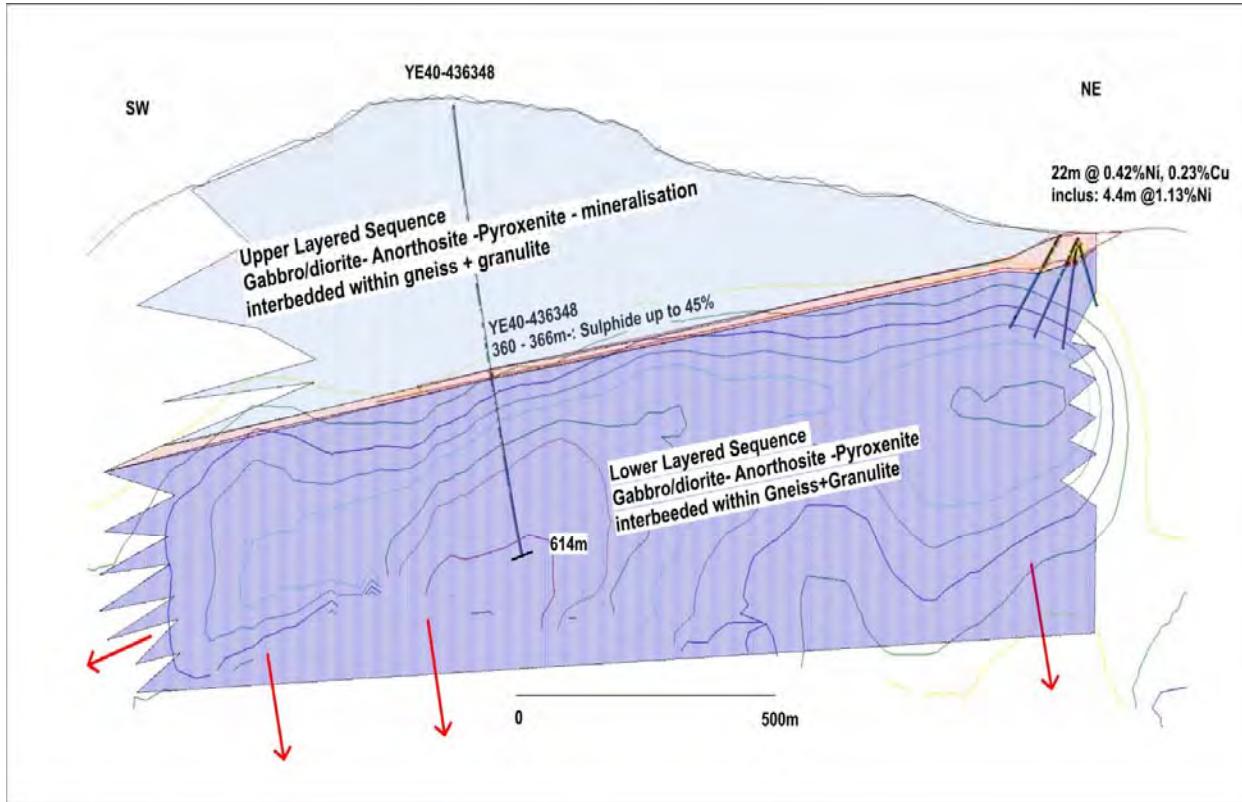


Figure 5: Cross-section at Yepleu showing hole YE40-436348 terminated short of the target for a technical reason. A mineralised horizon of 6.65 m grading 0.30% nickel and 0.26% copper, including 0.55 m at 0.90% nickel and 0.80% copper was intercepted at the interface between two layer assemblages.

## Sipilou South Nickel-Cobalt Laterite Mineralization

The Company has completed 80 boreholes for a total of 2,663 m at the portion of the Sipilou South laterite deposit that falls within PR123. Drilling has been performed on 200 m x 200 m spacing.

The Sipilou South nickel-cobalt laterite deposit is a typical example of nickel and cobalt rich laterites formed in a seasonally wet tropical climate on weathered and partially serpentinized peridotite. The nickel in such deposits is derived from altered olivine, pyroxene and serpentine that constitute the bulk of tectonically emplaced ultramafic oceanic crust and upper mantle rocks. Due to its location in a tropical environment, the Sipilou South nickel-cobalt laterite deposit is defined as a 'wet' laterite as opposed to laterites and palaeo-laterites found in arid and temperate climates.

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## Lola Base Metal Property, Republic of Guinea

On November 5, 2010, the Company obtained three licenses to explore a combined 1,212 square kilometers of property in the Republic of Guinea, West Africa. On November 21, 2013, the Company obtained five new licenses to explore a combined 473 square kms within the previously held three licenses to explore a combined 1,212 square kilometers. The Company strategically reduced the Lola Property land package by 739 square kilometers. In 2013, the license was renewed for a two-year term, until November 2015. The property was not renewed at the term in November 2015.

The Lola Property was 100% owned by the Company and is located in eastern Guinea, adjacent to the Samapleu Property across the border in Côte d'Ivoire. The Lola Property area included the entire extension of the geological environment of the Samapleu Property poly-metallic deposit and Sama's nickel-cobalt-scandium laterite deposit in Côte d'Ivoire.

There were no budgeted expenditures on this property.

## Lola Graphite Property (*Permit de Recherche, PR 4543*)

On September 2, 2013, the Company obtained four licenses to explore a combined 380 square kilometers of property in Guinea. The property was renewed on August 29, 2016 for two years and per legislation, the surface area was reduced by 51% from 380 square kilometers to 187 square kilometers. The Company has agreed to complete an exploration program of F GNF 9,361,376,000 (\$1,372,775 as at September 30, 2016) by August 29, 2018.

The Lola Graphite Project is 100% owned by Sama Resources Guinea SARL, a fully owned Sama Resources Inc. subsidiary. The Lola Graphite occurrence is located near the town of Lola in eastern Guinea, 1,000 km from Conakry, the capital of the Republic of Guinea. The occurrence is within 50 km from the border with Guinea and located 3.5km west of the town of Lola (**Figure 1**). An Exploration license gives the applicant the right to explore for minerals for a certain time period as prescribed by the Mining law and regulation.

The property, located within the department of Lola, was initially formed by 4 exploration licenses, (*Permit de Recherche*) globally named *Permit de Recherche 4543*, shaping a rectangular form of 27.9 km by 13.7 km in size for a cumulative total of 380km<sup>2</sup>. The property was renewed on August 29, 2016 for two years and according to legislation, the surface area was reduced by 51% from 380km<sup>2</sup> to 187km<sup>2</sup>. The property is centered on UTM WGS 84 zone 29N latitude 7° 48' 00" (UTM 863,000 N) and longitude 8° 32' 00" (UTM 551,000E). The area includes the communities of Lola and several smaller villages.

In Guinea, the land is federal and as such application to the government, through the Mine and Energy Department, is required to obtain an Exploration license. Pursuant to Sama's request in 2012, the Republic of Guinea awarded Sama Resources Guinea SARL, through the *Arrêté No A2013/4543/MMG/SGG* dated September 2, 2013, the Lola Graphite Exploration licenses for a first period of three years' renewable for two additional periods of 2 years each.

There are no environmental liabilities associated to the Exploration Permit and there are no surface right agreements in place or being negotiated.

### Exploration Update

The Lola Graphite deposit is present at surface over 8.7 kilometers with an average width of 300, and up to 1,000 meters wide (**Figure 6**). The first 20 meters or so of the deposit are well weathered (lateralized), freeing graphite flakes from the silicate gangue and allowing for an easy grinding with optimal recovery of all large and jumbo flakes. The graphite mineralization continues at depth within the non-weathered sheared gneiss.

The graphite mineralization is well exposed at surface on its entire strike length with sample grades ranging from trace to up to 20% of large flakes and often seen in higher concentration agglomerates.

A total of 36 core drill holes for 800m were drilled at the Lola Graphite deposit. Holes were scattered unevenly over a strike length of 5.2km of the entire 8.7km long deposit. Drilling was performed using a Jacro 175 core drill rig owned by Sama and capable to reach a depth of between 20m and 40m from surface (**Figures 6 and 7**).

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Three metallurgical tests were performed at the Activation Laboratory (Actlab), Ontario, Canada in 2014, 2015 and 2016. In 2014, the first test was performed on the two of Lola's prominent mineralized facies, the oxide material and the underlying non-oxide material (below 20 meters) while tests performed in 2015 and 2016 exclusively focused on the oxide material.

The oxide material returned global recoveries of 94-96% of graphite flakes producing a graphite concentrate with 60 to 78% of large, jumbo and super-jumbo size flakes (**Table 4, Figure 8**). Super-jumbo flake size accounts for 24% of the concentrate with purities of 92.7% and 95.5% graphitic carbon ("Cg").

Table 4: Actlab Metallurgical tests results. Subdivision of the jumbo flakes into jumbo and super-jumbo sizes was only performed in 2016.

Third Test (April 2016)			Second Test (November 2014)			Maiden Test (July 2014)		
Head Grade	15.6% Cg 94.30%		Head Grade	12.2% Cg 94%		Head Grade	11.5 % Cg 96%	
Recovery			Recovery			Recovery		
Grinding	Typical Flotation		Grinding	Flash Flotation		Grinding	100% - 35 Mesh	
Flake size	mm	%	% Cg	Flake size	%	% Cg	Flake size	%
+ 28 Mesh (Super Jumbo)	> 0.61	9.0	95.4					
+ 35 Mesh (Super Jumbo)	> 0.50	15.0	92.7					
+ 48 Mesh (Jumbo)	> 0.31	23.0	90.1	+ 48 Mesh	54.2	89.0	+ 48 Mesh	29.2
+ 80 Mesh (Large)	> 0.18	23.0	87.1	+ 80 Mesh	23.8	83.0	+ 80 Mesh	30.8
+ 150 Mesh	> 0.10	20.0	88.2	+ 150 Mesh	7.7	78.7	+ 150 Mesh	17.9
- 150 Mesh	< 0.10	9.0	85.2	- 150 Mesh	14.3	67.9	- 150 Mesh	22.2

In 2013, Sama supported M. Sékou Oumar Sow, a Guinean geological student at the University of Franche Conté, France, with his under graduate study. The study aimed at the mineralogical and petrological characterisations of the mineralisation as well as the host rock. The study was under the supervision of Professor Christian Picard. According to M. Sow, the graphitic mineralization is hosted within a quartzo-feldspath-biotite-sillimanite rich paragneiss with zircon, monazite and rutile as accessory minerals. Graphite mineralization is present as natural flakes of 0.25 to 1 mm in size. Graphite flakes appears to be cogenetic with biotite and sillimanite. Pyrite and minor chalcopyrite are also present. The following figure shows the size distribution of graphite flakes concentrate produced by ActLab in 2015 and 2016 using material from the Lola Graphite deposit and compared to other major projects in development.

For the nine months ended September 30, 2016, the Company capitalized \$144,654 at the Lola Graphite Property resulting in total deferred exploration and mineral property costs of \$559,498.

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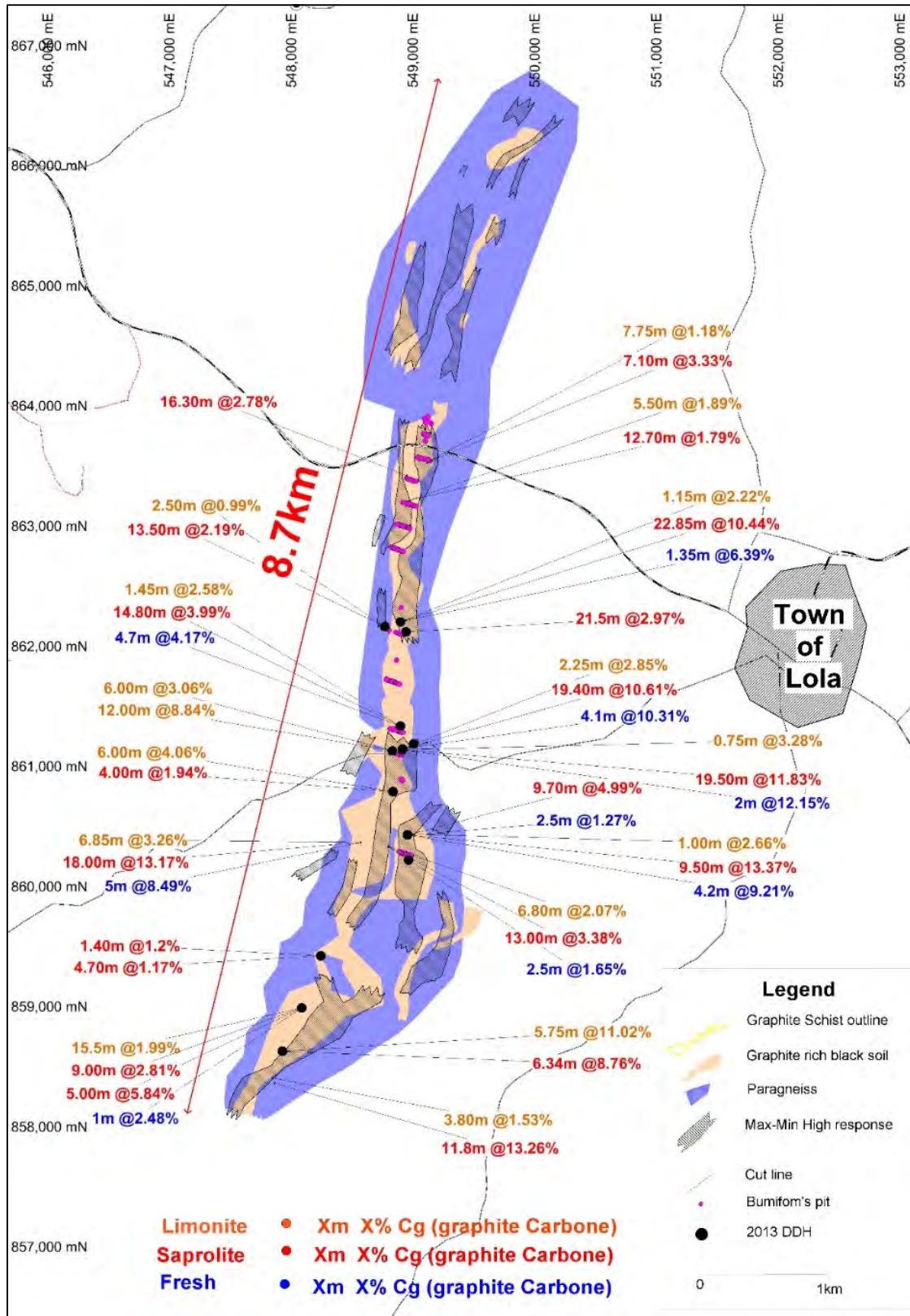


Figure 6: Lola Graphite deposit showing Sama's shallow Jacro type boreholes.

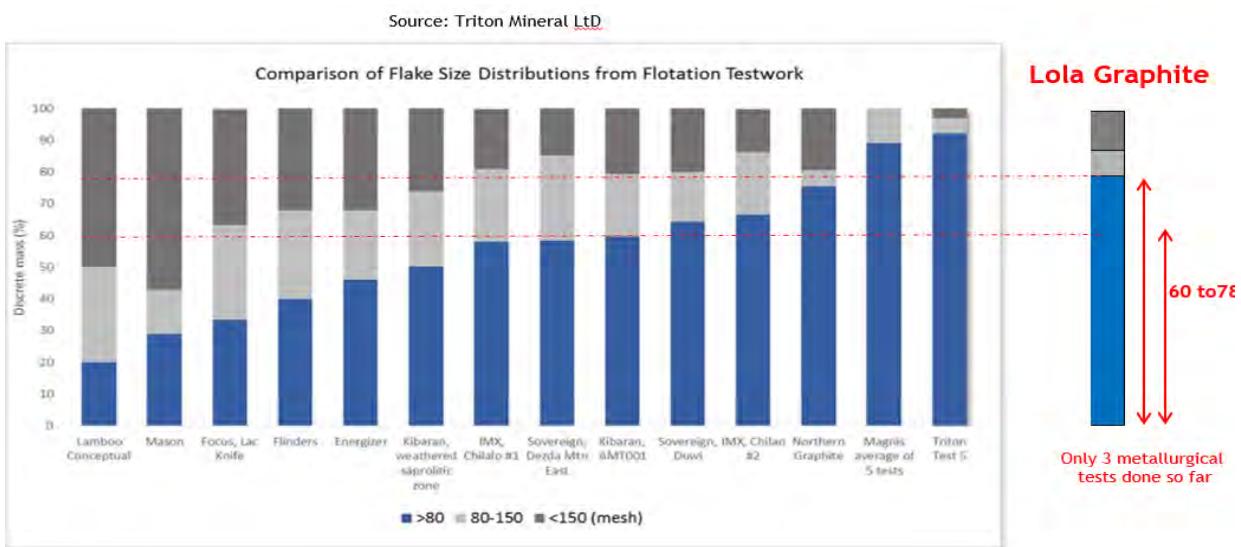
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Figure 7: Jacro diamond drilling rig in operation at the Lola Graphite (October 2013).



Source: Industrial Alliance Securities.

Figure 8: Comparison of Flake Size Distributions from Various Selected Published Sources

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## SELECTED FINANCIAL INFORMATION

### Going concern assumption and liquidity risk

These unaudited interim condensed consolidated financial statements have been prepared based on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated cash flows from its operations. As at September 30, 2016, the Company has a deficit of \$10,167,543 (\$9,426,968 as at December 31, 2015) and a working capital deficiency of \$59,900 (a working capital of \$338,947 as at December 31, 2015) which will not be sufficient to support the Company's needs for cash during the coming year.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. Management considers current funds are insufficient for the Company to continue operating. Any future funding shortfall may be met in a number of ways, including the issuance of new equity instruments, cost reductions and 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, that such sources of funding or initiatives 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 financial statements.

On November 4, 2016, the Company announced that in connection with the proposed reverse takeover of Section Rouge Media Inc. ("SRM") by the Company described below, SRM has closed a non-brokered private placement of 17,550,000 subscription receipts at a price of \$0.10 per subscription receipt for gross proceeds of \$1,755,000. Each subscription receipt will automatically convert upon completion of the transaction into one common share of the new SRM. The subscription receipts and any shares issued upon their conversion are subject to a hold period of four months and one day. The proceeds of the offering, together with the cash commission and broker warrants, will be held in trust until the completion of the Reverse takeover transaction describe below.

The Company's ability to continue as a going concern is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves or the ability of the Company to raise additional financing if required. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material

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Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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## Reverse takeover transaction

Pursuant to the terms and conditions of a Share Exchange Agreement, dated August 5, 2016, and signed between the Company and Section Rouge Media Inc. ("SRM"), SRA has agreed to acquire 100% of the issued and outstanding shares of Sama Resources Guinee SARL ("Sama Guinee"), a wholly-owned subsidiary of the Company resulting in a reverse takeover of SRA as described below (the "Reverse Take-over" or the "Transaction").

In connection with the reverse takeover, SRA will acquire 100% of the issued and outstanding shares of Sama Guinee in consideration of 20,000,000 common shares of SRA. The deemed value per share is \$0.10 for a total purchase price of \$2,000,000. A portion of the purchase price shall be allocated towards the repayment of all debts owed by Sama Guinee to the Company and the balance of the purchase price shall be allocated to the purchased shares.

If, on Closing, SRA has less than \$600,000 in net tangible assets and the Company elects to proceed with the transaction, the number of shares to be issued under the Share Exchange Agreement will be increased proportionately to the short fall amount, up to a maximum purchase price of 30,000,000 common shares. The payment shares may be subject to escrow restrictions under the policies of the TSX Venture Exchange. It is anticipated that the resulting issuer will change its name to Sama Graphite Inc. upon completion of the reverse takeover.

SRM has an authorized share capital consisting of an unlimited number of common shares, of which 6,946,452 shares are issued and outstanding. There are 620,000 options at an average exercise price of \$0.05 currently outstanding. The shares and those options are the only issued and outstanding securities of SRM.

In connection with the reverse takeover, SRA intends to conduct a concurrent private placement offering of common shares of SRA at a price of \$0.10 for aggregate gross proceeds of not less than \$500,000 up to a maximum of \$2,000,000. SRA may pay finders' fees in cash and issue finder warrants in connection with the concurrent financing. Net proceeds from the concurrent financing will be used for the advancement of the property and for general working capital purposes related thereto. This private placement was closed on November 4, 2016.

Assuming that no currently outstanding convertible securities of SRA are exercised prior to the closing of the reverse takeover, the issued capital of the resulting issuer will consist of approximately 32,946,452 common shares, of which approximately 60.7% will be held by the Company and approximately 21.1% by existing shareholders of SRA, assuming completion of the minimum amount of the concurrent financing. Therefore, SRA's operations will be fully consolidated.

## Selected financial data

The following selected financial data is derived from the audited consolidated financial statements of the Company for the fifteen-month period ended December 31, 2015, and years ended September 30, 2014, and 2013.

	Fifteen-Month Period Ended December 31, 2015	Year Ended September 30, 2014	Year Ended September 30, 2013
	\$	\$	\$
<b>Operations:</b>			
Other revenues	30,421	-	-
Net loss	2,528,349	1,491,135	1,596,623
Net loss per share	0.03	0.02	0.02
<b>Balance Sheet:</b>			
Working capital	338,947	218,762	2,233,985
Total assets	20,275,455	20,119,430	20,152,315
Total liabilities	253,858	317,504	294,057

\*Working capital is a measure of current assets less current liabilities.

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Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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## Quarterly results

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for the audited consolidated financial statements for the year ended December 31, 2015.

	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014
Revenues	\$ 2,350	\$ 25,595	\$ 45,871	\$ 30,421	\$ -	\$ -	\$ -	\$ -
Net loss	(268,641)	(247,385)	(224,549)	(256,908)	(1,256,793)	(376,619)	(276,660)	(361,369)
Net loss per share	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00

The increase in net loss during the three months ended September 30, 2015 is due to the exploration and evaluation assets impairment (\$959,220) recognized on the Lola Base Metal property

## Operating Results analysis

For the three months ended September 30, 2016, the Company recorded a net loss of \$268,641 compared to \$1,256,793 for the same period in 2015, a decrease of \$988,152. This decrease in net loss is mainly due to the exploration and evaluation assets impairment (\$959,222) recognized on the Lola Base Metal Property in 2015, to a decrease in stock-based compensation (\$49,099) and to the gain on disposal of property and equipment (\$40,614). These decreases were partially offset by an increase in consulting fees (\$27,231) and professional fees (\$34,489). Consulting fees increased because the Company recognized fees never billed by the CEO during the past year due to the Company's financial position. These fees will be paid once the Company's cash flows improve. The increase in professional fees is due to the fact that in 2015, audit fees were partially billed in a previous quarter.

For the nine months ended September 30, 2016, the Company recorded a net loss of \$740,575 compared to \$1,910,072 for the same period in 2015, a decrease of \$1,169,497. This decrease in net loss is mainly due to the exploration and evaluation assets impairment (\$959,222) recognized on the Lola Property in 2015 and to decreases in stock-based compensation (\$133,490), office supplies, utilities, and rent (\$31,709) and travel (\$34,749). The decrease in office supplies, utilities and rent is due to the closure of an office in Guinea, as well as a lower office rent amount for the Vancouver office. The decrease in travel expenditures is due to increased efforts to reduce expenditures. The decrease in stock-based compensation is due from the timing of stock option grants and the related vesting. These decreases in net loss were partially offset by an increase in professional fees (\$47,774). The increase in professional fees is due an increase in audit fees (\$18,000) and to an increase in legal fees (\$28,000) related to the takeover transaction.

## Cash Flows analysis

	Nine months ended	
	September 30, 2016	September 30, 2015
Cash used in operating activities	(530,727)	(753,114)
Cash used in investing activities	(298,932)	(675,942)
Cash provided by financing activities	636,270	1,114,711

### Operating Activities

Operating activities used cash flows of \$530,727 compared to \$753,114 for the same period in 2015, a decrease of \$222,387 mainly due to the non-cash working capital items that generated cash flows of \$91,130 compared to the use of cash flows of \$62,014 in 2015.

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Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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## Investing Activities

Investing activities used cash flows of \$298,932 compared to \$675,942 for the same period in 2015, a decrease of \$377,010. Cash used for exploration and evaluation expenditures was \$523,356 compared to \$672,230 in 2015. In 2016, these expenditures were partially offset by proceeds from the sale of property and equipment for \$226,642.

## Financing Activities

Financing activities generated cash flows of \$636,270 compared to \$1,114,711 for the same period in 2015, a decrease of \$478,441 which is related to the completion of a private placement for total gross proceeds of \$1,395,100 in 2015 compared to a private placement for total gross proceeds of \$655,050 in 2016.

## **TRANSACTIONS WITH RELATED PARTIES**

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

During the nine months ended September 30, 2016, the Company incurred consulting fees of \$100,600 (for the nine months ended September 30, 2015 – \$121,410) and office administration fees of \$21,375 (for the nine months ended September 30, 2015 – \$45,000) with officers and directors or corporations controlled by officers and directors.

During the nine months ended September 30, 2016, the Company incurred exploration and evaluation fees of \$133,569 (for the nine months ended September 30, 2015 – \$123,336) with a corporation controlled by a director. All of these fees have been capitalized to the Company's exploration and evaluation assets.

During the nine months ended September 30, 2016, the Company recognized a share-based compensation of \$86,309 (for the nine month ended September 30, 2015 – \$188,272) in connection with stock options granted to officers and directors.

As at September 30, 2016, \$175,993 (December 31, 2015 – \$14,539) is due to corporations controlled by a director or officer. These amounts are included in accounts payable and accrued liabilities.

### **Transactions with other related parties:**

During the nine months ended September 30, 2016, the Company incurred \$38,970 for professional fees, office supplies, utilities and rent (for the nine months ended September 30, 2016 – \$88,486) with corporations with a director or officers in common.

### **Termination and Change of Control Provisions**

Certain employment agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause on September 30, 2016, the total amounts payable to the executive team in respect of severance would have totaled \$225,000. If a change of control had occurred on September 30, 2016, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled \$225,000.

## **COMMITMENTS**

The Company has moved the head office from Vancouver to Montreal on September 22, 2016, consequently commitment to the Vancouver office lease was reduced to \$1,250 per month.

The Company has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, requiring basic annual rent payments of F CFA 5,400,000 (approximately \$12,132 at September 30, 2016) to November 30, 2016.

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

	\$
2016	45,772
2017	15,000
2018	8,750

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## OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
<b>Outstanding as at September 30, 2016</b>	<b>114,905,287</b>
Shares reserved for issuance pursuant to share purchase warrants outstanding	22,256,940
Shares reserved for issuance pursuant to share purchase options outstanding	9,085,000
<b>Shares outstanding - fully diluted</b>	<b>146,247,227</b>

As at the date of this MD&A, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number Outstanding	Exercise Price	Expiry Date
225,000	0.38	January 29, 2017
400,000	0.35	February 12, 2017
1,400,000	0.32	June 6, 2017
1,000,000	0.33	October 14, 2017
85,000	0.22	January 22, 2018
1,400,000	0.22	June 3, 2018
100,000	0.27	October 24, 2018
1,175,000	0.23	January 21, 2019
300,000	0.28	October 15, 2019
400,000	0.15	June 29, 2021
50,000	0.12	August 31, 2021
2,350,000	0.19	April 21, 2025
200,000	0.18	May 27, 2025
<b>9,085,000</b>		

As at the date of this MD&A, the Company had outstanding share purchase warrants enabling holders to acquire common shares of the Company as follows:

Number	Exercise Price	Expiry Date
5,815,592	0.28	December 19, 2016
182,109	0.28	February 5, 2017
5,295,240	0.25	August 26, 2020
4,234,999	0.25	September 14, 2020
2,731,000	0.15	May 19, 2021
3,998,000	0.15	July 29, 2021
<b>22,256,940</b>	<b>\$ 0.23</b>	

On October 13, 2016, the Company announced the extension of 5,811,092 and 180,909 warrants currently due to expire on December 19, 2016 and February 5, 2017 to June 19, 2018 and August 5, 2018. The exercise price of \$0.28 for the warrants remain unchanged.

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## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements

## **CONFLICTS OF INTEREST**

The Company's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Canada Business Corporations Act dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the federal laws of Canada, the directors and officers of the Company are required to act honestly, in good faith, and in the best interests of the Company.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is full disclosure of the Company's critical accounting policies and accounting estimates in note 2 of the audited financial statements for the year ended December 31, 2015.

There were no changes to the accounting policies applied by the Company for the nine months ended September 30, 2016, compared to those applied by the Company to the financial statements for the year ended December 31, 2015, with the exception of those disclosed in note 2 of these financial statements.

## **ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in Note 3 of the audited consolidated financial statements.

## **RISKS AND UNCERTAINTIES**

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

### **Early Stage – Need for Additional Funds**

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

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## **Exploration and Development**

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

All of the mineral claims to which the Company has a right to acquire an interest are in the exploration stages only and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

## **Supplies, Health and Infrastructure**

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surfaces access, skilled labour, healthy labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. In Guinea, power may need to be generated onsite.

## **Title Risks**

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, transfers, or native claims, and title may be affected by undetected defects.

## **Environmental Regulations, Permits and Licenses**

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in most countries provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. However, there can be no assurance that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

## **Competition and Agreements with Other Parties**

The mining industry is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

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Management discussion and analysis for the nine months ended September 30, 2016 and 2015

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## **Economic Conditions**

Unfavorable economic conditions may negatively impact the Company's financial viability. Unfavorable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

The Company's activities are conducted in Africa. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

## **Dependence on Management**

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

## **Operating Hazards and Risks**

Mining operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial conditions.