SAMA RESOURCES INC.

Consolidated Financial Statements

For the year ended December 31, 2016

and fifteen-month period ended December 31, 2015

(Expressed in Canadian dollars)

TSX-V: SME

SAMA RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

April 28, 2017

Independent Auditor's Report

To the Shareholders of
Sama Resources Inc.

We have audited the accompanying consolidated financial statements of Sama Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016 and the fifteen-month period ended December 31, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sama Resources Inc. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the year ended December 31, 2016 and the fifteen-month period ended December 31, 2015, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Sama Resources Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A110416

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2016 and 2015 **(in Canadian dollars)**

	Notes	December 31, 2016	December 31, 2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		2,579,417	491,671
Trade and other amounts receivable		14,914	53,466
Taxes receivable		45,672	20,104
Prepaid expenses and deposits		33,186	27,564
		2,673,189	592,805
Non-current assets			
Property and equipment	6	313,812	644,904
Exploration and evaluation assets	7	19,894,317	19,037,746
		20,208,129	19,682,650
Total assets		22,881,318	20,275,455
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		614,765	251,166
Unearned revenue		-	2,692
Total liabilities		614,765	253,858
SHAREHOLDERS' EQUITY			
Share capital	8	27,862,489	26,877,368
Contributed surplus		3,082,518	2,571,197
Deficit		(9,848,691)	(9,426,968)
Equity attributable to Sama shareholders		21,096,316	20,021,597
Non-controlling interests	2	1,170,237	-
Total equity		22,266,553	20,021,597
Total liabilities and equity		22,881,318	20,275,455

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

On behalf of the Board of Directors,

Signed: ***"Marc Filion"*** **, Director**

Signed: ***"Todd Hilditch"*** **, Director**

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended ended December 31, 2016 and the fifteen-month period ended December 31, 2015 **(in Canadian dollars)**

	Notes	Year ended December 31, 2016	Fifteen-month period ended December 31, 2015
		$	$
Revenue		87,636	30,421
Direct costs		(101,475)	(9,784)
Gross profit (loss) (excluding depreciation)		(13,839)	20,637
Operating expenses			
Depreciation		5,308	9,099
Consulting		243,747	325,498
Insurance		26,544	53,497
Investor relations		2,033	25,757
Professional fees		121,444	95,791
Directors fees		-	(6,500)
Office supplies, utilities and rent		69,128	139,830
Office administration		232,094	441,565
Shareholder information		12,615	14,535
Stock-based compensation	8	135,795	359,921
Transfer agent and filing fees		24,095	29,218
Travel		31,751	95,193
Exploration and evaluation assets impairment		-	959,222
Total operating expenses		904,554	2,542,626
Loss before other expenses (income)		918,393	2,521,989
Other expenses (income)			
Foreign exchange loss (gain)		(10,923)	6,520
Interest income		(128)	(160)
Gain on disposal of property and equipment		(1,550)	-
		(12,601)	6,360
Net loss and comprehensive loss		905,792	2,528,349
Net loss attributable to:			
Sama shareholders		905,792	2,528,349
Non-controlling interests		-	-
		905,792	2,528,349
Basic and diluted net loss per common share attributable to Sama shareholders		0.01	0.03
Weighted average number of common shares outstanding		111,915,480	100,511,835

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended ended December 31, 2016 and the fifteen-month period ended December 31, 2015 **(in Canadian dollars)**

	Notes	Share capital		Contributed surplus	Deficit	Total attributable to the owners of the parent company	Non-controlling interest	Total
		Number	$	$	$	$	$	$
Balance on October 1st, 2014		93,224,787	24,513,633	2,186,912	(6,898,619)	19,801,926	-	19,801,926
Issuance of units under private placements	8	15,130,000	2,688,940	-	-	2,688,940	-	2,688,940
Share issuance costs	8	-	(325,205)	24,364	-	(300,841)	-	(300,841)
Share-based compensation	9	-	-	359,921	-	359,921	-	359,921
Net loss and comprehensive loss		-	-	-	(2,528,349)	(2,528,349)	-	(2,528,349)
Balance on December 31, 2015		108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597	-	20,021,597
Issuance of units under private placements	8	10,600,500	1,020,300	39,750	-	1,060,050	-	1,060,050
Share issuance costs	8	-	(35,179)	13,624	-	(21,555)	-	(21,555)
Stock-based compensation	9	-	-	135,795	-	135,795	-	135,795
Warrants extension	8	-	-	322,152	(322,152)	-	-	-
Indirect listing of a subsidiary	2	-	-	-	806,221	806,221	1,170,237	1,976,458
Net loss and comprehensive loss		-	-	-	(905,792)	(905,792)	-	(905,792)
Balance on December 31, 2016		118,955,287	27,862,489	3,082,518	(9,848,691)	21,096,316	1,170,237	22,266,553

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended ended December 31, 2016 and the fifteen-month period ended December 31, 2015 **(in Canadian dollars)**

	Notes	December 31, 2016 (12 months)	December 31, 2015 (15 months)
		$	$
CASH PROVIDED FROM (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the year / period		(905,792)	(2,528,349)
Items not affecting cash			
Depreciation		5,308	9,099
Exploration and evaluation assets impairment		-	959,222
Share-based compensation	8	135,795	359,921
Gain on disposal of property and equipment		(1,550)	-
		(766,239)	(1,200,107)
Change in non-cash working capital items			
Trade and other amounts receivable		38,552	(24,312)
Taxes receivable		(25,568)	(4,748)
Prepaid expenses and deposits		(5,622)	20,731
Accounts payables and accrued liabilities		386,804	(38,882)
Unearned revenue		(2,692)	2,692
		391,474	(44,519)
		(374,765)	(1,244,626)
INVESTING ACTIVITIES			
Cash acquired through the Reverse Takeover transaction	2	499,231	-
Acquisition of property and equipment	6	(2,219)	(3,712)
Proceeds from disposal of property and equipment		226,948	-
Exploration and evaluation expenditures		(836,534)	(1,091,551)
		(112,574)	(1,095,263)
FINANCING ACTIVITIES			
Issuance of common shares	8	1,060,050	2,688,940
Share issuance costs paid	8	(21,555)	(300,841)
Concurrent financing from the Reverse Takeover transaction	2	1,755,000	-
Share issuance costs paid for the Reverse Takeover transaction	2	(218,410)	-
		2,575,085	2,388,099
Increase in cash during the year / period		2,087,746	48,210
Cash, beginning of year / period		491,671	443,461
Cash, end of year / period		2,579,417	491,671

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

NOTE 1. NATURE OF OPERATIONS AND GOING CONCERN

Sama Resources Inc. ("Sama" or the "Company") is a Canadian-based mineral exploration and development business with activities in Africa. The Company was incorporated on July 11, 2006 under the Business Corporations Act of British Columbia. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SME.V". 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. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete exploration and development programs and, ultimately, upon future profitable production.

These financial statements were authorized for publication by the Board of Directors on April 28, 2017.

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

Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the year ended December 31, 2016 of $905,792 (for the fifteen-month period ended December 31, 2015 – $2,528,349) and has an accumulated deficit of $9,848,691 (December 31, 2015 – $9,426,698). In addition, the Company had working capital of $2,058,424 as at December 31, 2016 (December 31, 2015 – $338,947), including cash and cash equivalents of $2,579,417 (December 31, 2015 – $494,671). 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. During the year ended December 31, 2016, the Company raised $1,060,050 through the issuance of units (Note 8). Subsequent to December 31, 2016, the Company raised additional $2,071,075 through the issuance of 13,807,761 units (Note 17). Based on the extent of the Company's current development plan and anticipated exploration, the Company will need to raise additional financing within the next 9-12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements. In addition, the Company is subject to Côte d'Ivoire permit and license renewals, and will depend on outside parties and governmental authorities for continued exploration of its properties, as described in Note 7.

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.

NOTE 2. REVERSE TAKEOVER TRANSACTION

Pursuant to the terms and conditions of a Share Exchange Agreement, signed on August 5, 2016, between Sama and Section Rouge Media Inc. ("SRM"), SRM acquired on December 31, 2016 100% of the issued and outstanding shares of Sama Resources Guinee SARL ("Sama Guinee"), a wholly-owned subsidiary of Sama in exchange of 24,658,267 common shares of SRM at a deemed price of $0.10 per share. This transaction resulted in a Reverse Takeover (the "Reverse Takeover" or the "Transaction") of SRM by Sama, whereby Sama acquired 49.16% of SRM's outstanding common shares. Following the completion of the Reverse Takeover, SRM changed its name to Sama Graphite Inc ("SRG"). SRM's net assets acquired consist of cash amounting to $499,231 and accounts payable assumed of $59,363.

This transaction thus is recognized in substance as if Sama Guinee had proceeded to the issuance of share and options to acquire SRM's net assets together with a concurrent private placement of $1,755,000. Sama incurred in cash a total of $218,408 in transaction costs in connection with the private placement and the Reverse Takeover.

NOTE 2. REVERSE TAKEOVER TRANSACTION (Continued)

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

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

NOTE 3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with 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.

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 de-consolidated from the date that control by the Company ceases.

As at December 31, 2015 and 2016, the subsidiaries of the Company are as follows:

		2016	2015
Subsidiaries	Jurisdiction of incorporation	% of ownership	% of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Côte d'Ivoire	100%	100%
Sama Graphite Inc. ("SRG")	Canada	49%	-%
Sama Resources Guinee SARL ("Sama Guinee")	Guinea	49%	100%

Non-controlling interests

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

Functional and presentation currency

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

The consolidated financial statements are presented in Canadian dollars.

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

Foreign currency transactions

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

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 overhead 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 loss and comprehensive 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 and equipment ("P&E")

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

The cost of a P&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:

	Decline balance method
Other equipments	
Computer equipment	30%
Furniture	20%
Building	20%
Exploration equipments	20%

P&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 loss and comprehensive loss. Depreciation expense is capitalized to E&E assets when related to a specific E&E project.

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.

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

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 loss and comprehensive 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 consolidated statement of loss and comprehensive loss.

Financial instruments

Financial assets and liabilities 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 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. At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables: Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Other financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Other financial liabilities, if any, would be measured at amortized cost using the effective interest method.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Trade and other amounts receivable	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss in the consolidated statement of loss and comprehensive loss, as follows:

Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

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.

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

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 of the underlying shares
- Expected forfeitures

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 consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive 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.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Revenue recognition

Revenue from drilling contracts is recognized on the terms of customer contracts that generally provide for revenue recognition on the basis of actual metres/footage drilled at contract 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 unearned revenue until performance is accomplished.

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

Revenue is measured at the fair value of the consideration received or receivable and is recognized when recovery of the consideration is probable. Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, when collection is reasonably assured and when specific criteria have been met for each of the Company's activities as described below. If collection is subsequently determined to be in doubt, an allowance is recognized against accounts receivable with a corresponding expense included within general and administrative expense in the consolidated statement of loss and comprehensive loss; revenue is not adjusted.

Accounting standards and interpretations issued and in effect

IAS 1, Presentation of Financial Statements ("IAS 1")
In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective from 1 January 2016. The adoption of these amendments to IAS 1 had no effect on the Company's consolidated financial statements.

Accounting standards and interpretations issued but not yet adopted

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

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

IFRS 7 – Statement of cash flows
In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017. The extent of the impact of adoption of IFRS 7 has not yet been determined.

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

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

IFRS 15 - Revenue from contracts with customers

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

IFRS 16 - Leases

In January 2016, IASB issued IFRS 16, "Leases", which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard will be mandatory for annual periods beginning on or after January 1, 2019. The extent or the impact of adoption of IFRS 16 has not been yet determined.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

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

NOTE 4. 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).

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 and graphite prices.

Determination of the functional currency of the subsidiary

A number of judgments were made in the determination of the subsidiarys' 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.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Determination of the ownership of mining property title

Management must determine if it still holds the legal title of its mining properties in 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 the communications with the government, to conclude on the title. Note 7 of these consolidated financial statement 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.

NOTE 5. INTEREST IN A SUBSIDIARY

Sama Graphite Inc. is the only subsidiary with a material NCI.

Summarized financial information, before intragroup eliminations, is set out below:

	Year ended December 31, 2016
	$
Current assets	2,271,691
Non-current assets	677,631
Total assets	2,949,322
Current liabilities and total liabilities	647,518
NCI	1,170,237

	Year ended December 31, 2016
	$
Revenue	-
Net loss and comprehensive loss	744,496
Net loss and comprehensive loss attributable to NCI	-

NOTE 6. PROPERTY AND EQUIPMENT

	Exploration equipments	Buildings	Other equipments	Total
	$	$	$	$
Cost				
Balance as at September 30, 2014	1,342,080	41,861	76,870	1,460,811
Acquisitions	-	-	3,712	3,712
Balance as at December 31, 2015	1,342,080	41,861	80,582	1,464,523
Acquisitions	-	2,218	-	2,218
Disposals	(491,438)	-	(4,781)	(496,219)
Balance as at december 31, 2016	850,642	44,079	75,801	970,522
Accumulated amortization				
Balance as at September 30, 2014	537,094	11,526	53,045	601,665
Depreciation	201,320	7,535	9,099	217,954
Balance as at December 31, 2015	738,414	19,061	62,144	819,619
Depreciation	97,824	4,781	5,308	107,913
Disposals	(267,354)	-	(3,468)	(270,822)
Balance as at December 31, 2016	568,884	23,842	63,984	656,710
Carrying amount				
Balance as at December 31, 2015	603,666	22,800	18,438	644,904
Balance as at December 31, 2016	281,758	20,237	11,817	313,812

During the year ended December 31, 2016, a depreciation expense of $5,308 ($9,099 for the fifteen-month period ended December 31, 2015) was recorded in the consolidated statement of net loss and comprehensive loss and $102,605 ($208,855 for the fifteen-month period ended December 31, 2015) was recorded under E&E assets.

NOTE 7. EXPLORATION AND EVALUATION ASSETS

Samapleu Property

On January 15, 2009 ("Effective Date"), Sama Nickel entered into a Syndicate Agreement ("SA") with La Société pour le Développement Minier de la Côte d'Ivoire ("SODEMI"), a parastatal organization, whereby Sama Nickel has indicated a particular interest in the exploration of an area covered by Permit No. 123 ("PR123"), held by SODEMI, located in 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 licence 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 until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately $1,801,354 as at December 31, 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 which represent a total amount of $17,973,261 as at December 31, 2016.

NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

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.

Lola Base Metal Property

The Lola Property is 100% owned by the Company and is located in eastern Guinea.

During the fifteen-month period ended December 31, 2015, management centralized its efforts in order to focus on its core E&E assets; as a result, the Company recorded an impairment charge of $959,222 against the carrying value of the Lola Base Metal Property as the licences were not renewed at their expiration in November 2015.

Lola Graphite Property

On September 2, 2013, Sama Guinee obtained four licences to explore a combined 380 square kilometers of property in eastern Guinea. The licences were renewed on August 29, 2016 for two years and per legislation, the surface area was reduced by 51% from 380 square kilometers to 187 square kilometers. This reduction in the surface area did not required an impairment of capitalized E&E assets since Sama Guinee did not ceased area were E&E expenditures were done. Sama Guinee has agreed to complete an exploration program of GNF 9,361,376,000 (approximately $1,343,211 as at December 31, 2016) by August 29, 2018. The Lola Graphite Property is 100% owned by Sama Guinee and is located in eastern Guinea.

Worofla Property

On November 7, 2012, Sama CI obtained Permit No. 301 ("PR301") which initially covered 400 square kilometers of property in Côte d'Ivoire. On October 13, 2015, Sama CI applied for the renewal of Permit No. 301. Upon renewal, the Worofla Property will be reduced to 300 square kilometers. Sama CI expects to complete an exploration program of F CFA 390,590,000 ($842,624 as at December 31, 2016) by October 13, 2018. The Worofla Property is 100% owned by Sama CI and is located 130 kilometres northeast of the Samapleu Property.

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

Zérégouiné Property

On December 19, 2012, Sama CI obtained Permit No. 300 ("PR300") which initially covered 394 square kilometers of property in Côte d'Ivoire. On October 13, 2015, Sama CI applied for the renewal of Permit No. 300. Upon renewal, the Zérégouiné Property will be reduced to 290 square kilometers. Sama CI expects to complete an exploration program of F CFA 614,000,000 ($1,324,589 as at December 31, 2016) by October 13, 2018 . The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

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

Grata Property

On December 9, 2015, Sama CI obtained Permit No. 604 ("PR604") which covers 80 square kilometers of property in Côte d'Ivoire. In accordance with PR604, Sama CI must incur expenditure commitments of F CFA 663,000,000 (approximately $1,430,297 as at December 31, 2016) before December 9, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

NOTE 7. EXPLORATION AND EVALUATION ASSETS (Continued)

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

	September 30, 2014	Activity	December 31, 2015	Activity	December 31, 2016
	$	$	$	$	$
Samapleu property					
Property acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Assaying	111,925	-	111,925	-	111,925
Geology and prospecting	2,080,351	171,476	2,251,827	117,871	2,369,698
Geophysics	1,043,944	118	1,044,062	16,796	1,060,858
Geochemistry	516,694	(5,678)	511,016	928	511,944
Drilling	4,560,121	133,498	4,693,619	16,968	4,710,587
Metallurgical tests	127,691	16,465	144,156	-	144,156
Camp operations, field supplies and expenses	3,982,352	470,370	4,452,722	178,887	4,631,609
	16,855,562	786,249	17,641,811	331,450	17,973,261
Lola Base Metal Property					
Geology and prospecting	304,463	(35,527)	268,936	-	268,936
Geophysics	16	(16)	-	-	-
Drilling	112,836	(21,977)	90,859	-	90,859
Camp operations, field supplies and expenses	753,174	(153,747)	599,427	-	599,427
Impairment charge	-	(959,222)	(959,222)	-	(959,222)
	1,170,489	(1,170,489)	-	-	-
Lola Graphite property					
Geology and prospecting	18,499	36,698	55,197	57,829	113,026
Geophysics	-	16	16	10,148	10,164
Geochemistry	12,140	-	12,140	-	12,140
Drilling	-	24,439	24,439	235	24,674
Metallurgical tests	2,068	3,277	5,345	7,829	13,174
Camp operations, field supplies and expenses	4,045	313,662	317,707	162,470	480,177
	36,752	378,092	414,844	238,511	653,355
Worofla property					
Geology and prospecting	1,364	-	1,364	-	1,364
Geophysics	5,912	-	5,912	-	5,912
Camp operations, field supplies, and expenses	3,399	-	3,399	192	3,591
	10,675	-	10,675	192	10,867
Zérégouiné property					
Geology and prospecting	91,377	114,099	205,476	122,553	328,029
Geophysics	110,982	10,810	121,792	-	121,792
Geochemistry	8,674	-	8,674	-	8,674
Drilling	215,762	42,432	258,194	15,869	274,063
Metallurgical tests	-	3,576	3,576	-	3,576
Camp operations, field supplies and expenses	223,745	148,959	372,704	53,033	425,737
	650,540	319,876	970,416	191,455	1,161,871
Grata property					
Geology and prospecting	-	-	-	8,050	8,050
Geophysics	-	-	-	16,700	16,700
Drilling	-	-	-	36,927	36,927
Camp operations, field supplies, and expenses	-	-	-	33,286	33,286
	-	-	-	94,963	94,963
Total E&E assets	18,724,018	313,728	19,037,746	856,571	19,894,317

NOTE 8. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Transactions on share capital

2015

On February 6, 2015, the Company completed the second tranche of a non-brokered private placement of 180,909 units at a price of $0.22 per unit for total gross proceeds of $39,800. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase for a period of twenty-four months from the date of issuance, one additional share for $0.28. The fair value of the warrants is nil based on the residual method. The Company paid a cash commission of approximately $264 in finder's fees and issued 1,200 finder's warrants in connection with the non-brokered private placement. Each finder's warrant will entitle the holder thereto to purchase for a period of twenty-four months one additional common share at an exercise price of $0.28. The fair value of the 1,200 finders' warrants was estimated at $141 using the Black & Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 122.52%, risk free rate of return 1.04%, and expected maturity of two years. The Company also incurred $2,690 in legal, accounting and filing fees associated with this private placement, which were included as share issuance costs.

On August 26, 2015, the Company completed the brokered first tranche of a private placement, and on September 14, 2015, the Company completed the non-brokered second tranche of the private placement. In total, 9,137,999 units at a price of $0.15 per unit were issued, for total gross proceeds of $1,370,700. 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 $0.25 per share for a period of 60 months from the date of issuance. The fair value of the warrants is nil based on the residual method. The Company paid a cash commission of $58,836 and issued 392,240 broker warrants to purchase common shares exercisable at a price of $0.25 per share for a period of 60 months in connection with private placement. The fair value of the 392,240 broker warrants was estimated at $23,651 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 108.72%, risk free rate of return 0.72%, and expected maturity of five years. The Company also incurred $218,599 in legal, accounting and filing fees associated with this private placement, which were included as share issuance costs.

2016

On May 19, 2016, the Company completed the first tranche of a non-brokered private placement of 2,650,500 units at a price of $0.10 per unit for total gross proceeds of $265,050. 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 $0.15 for a period of 60 months from the date of issuance. The fair value of the warrants is nil based on the residual method. The Company paid a cash commission of $8,050 and issued 80,500 broker warrants to purchase common shares exercisable at a price of $0.15 per share for a period of 60 months in connection with the closing of the first tranche of the brokered of the private placement. The fair value of the 80,500 finders' warrants was estimated at $6,724 using the Black & Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 111.94%, risk free rate of return 0.75%, and expected maturity of five years. The Company also incurred $2,675 in legal, accounting and filing fees associated with this private placement, which were included as share issuance costs.

On July 29, 2016, the Company closed the second tranche of a non-brokered private placement by issuing 3,900,000 units at a price of $0.10 per unit, for gross proceeds of $390,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of $0.15 per share for a period of 60 months. The warrants were valued at $19,500 using the residual method and recorded as an increase of share issuance costs as well as an increase of Contributed surplus in the statement of changes in equity. The Company paid a cash commission of $2,800 in finder's fees and issued 98,000 finder's warrants to purchase common shares exercisable at a price of $0.15 per share for a period of 60 months in connection with the second tranche of the non-brokered private placement. The fair value of the 98,000 finders' warrants was estimated at $6,900 using the Black & Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 111.88%, risk free rate of return 0.60%, and expected maturity of five years. The Company also incurred $5,255 in legal, accounting and filing fees associated with this private placement, which were included as share issuance costs.

On December 9, 2016, the Company closed a non-brokered private placement by issuing 4,050,000 units at a price of $0.10 per unit, for gross proceeds of $405,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of $0.15 per share for a period of 60 months. The warrants were valued at $20,250 using the residual method and recorded as an increase of share issuance costs as well as an increase of Contributed surplus in the statement of changes in equity. The Company incurred $2,775 in filing fees associated with this private placement, which were included as share issuance costs.

NOTE 8. SHARE CAPITAL (Continued)

Warrants

The following table shows the changes in warrants:

	Year ended December 31, 2016		Fifteen-month period ended December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	19,004,434	0.25	8,582,033	0.36
Granted	10,779,000	0.15	15,527,940	0.26
Expired	(3,480,994)	0.20	(5,105,539)	0.47
Outstanding and exercisable, end of period	26,302,440	0.22	19,004,434	0.25

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

	December 31, 2016		December 31, 2015	
Expiration date	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	$		$	
May 16, 2016	-	-	0.20	2,087,549
June 23, 2016	-	-	0.20	1,388,945
December 19, 2016 (a)	-	-	0.28	5,815,592
February 5, 2017 (a)	0.28	182,109	0.28	182,109
June 19, 2018	0.28	5,811,092	-	-
August 26, 2020	0.25	5,295,240	0.25	5,295,240
September 14, 2020	0.25	4,234,999	0.25	4,234,999
May 19, 2021	0.15	2,731,000	-	-
July 29, 2021	0.15	3,998,000	-	-
December 9, 2021	0.15	4,050,000	-	-
		26,302,440		19,004,434

(a) On September 8, 2016, the Board of Directors approved the extension of the expiry date of 5,811,092 warrants issued on December 19, 2014 and expiring on December 19, 2016 (“Tranche 1 Warrants”) and 180,909 warrants issued on February 6, 2015 and expiring on February 5, 2017 (the "Tranche 2 Warrants"). The original expiry date will be extended for an additional 18 months to June 19, 2018 with respect to the Tranche 1 warrants and August 8, 2018 with respect to the Tranche 2 warrants. Using the Black & Scholes valuation model an additional value of $322,152 was calculated and recorded has an increase in contributed surplus as well as an increase of deficit.

NOTE 9. STOCK OPTIONS

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

The following table shows the changes in stock options:

	Year ended December 31, 2016		Fifteen-month period ended December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	9,285,000	0.26	8,135,000	0.31
Granted	450,000	0.15	2,850,000	0.20
Expired	(650,000)	0.40	(1,700,000)	0.36
Cancelled	(110,000)	0.30	-	-
Outstanding, end of period	8,975,000	0.25	9,285,000	0.26
Exercisable, end of period	8,737,500	0.25	7,935,000	0.28

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

		December 31, 2016		December 31, 2015	
Expiry date	Exercise price	Number outstanding	Number exercisable	Number outstanding	Number exercisable
	$				
May 5, 2016	0.47	-	-	250,000	250,000
August 25, 2016	0.35	-	-	400,000	400,000
January 29, 2017	0.38	175,000	175,000	225,000	225,000
February 12, 2017	0.35	400,000	400,000	400,000	400,000
June 6, 2017	0.32	1,400,000	1,400,000	1,400,000	1,400,000
October 14, 2017	0.33	1,000,000	1,000,000	1,000,000	1,000,000
January 22, 2018	0.22	55,000	55,000	85,000	85,000
June 3, 2018	0.22	1,400,000	1,400,000	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000	100,000	100,000
January 21, 2019	0.23	1,145,000	1,145,000	1,175,000	1,175,000
October 15, 2019	0.275	300,000	300,000	300,000	225,000
June 29, 2021	0.15	400,000	200,000	-	-
August 31, 2021	0.12	50,000	12,500	-	-
April 21, 2025	0.19	2,350,000	2,350,000	2,350,000	1,175,000
May 27, 2025	0.18	200,000	200,000	200,000	100,000
		8,975,000	8,737,500	9,285,000	7,935,000

NOTE 9. STOCK OPTIONS (Continued)

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

	Year ended December 31, 2016	Fifteen-month period ended December 31, 2015
Weighted average price at the grant date	0.10 $	0.20 $
Weighted average exercise price	0.15 $	0.20 $
Expected dividend	- $	- $
Expected average volatility	113.9 %	112.9 %
Risk-free average interest rate	0.56 %	0.80 %
Expected average life	5 years	9.47 years
Weighted fair value per share option	0.07 $	0.14 $

An expense for stock-based compensation of $135,795 was recognized during the year ended December 31, 2016 ($359,921 during the fifteen-month period ended December 31, 2015).

NOTE 10. INCOME TAXES

Major components of tax expense (income)

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

	Year ended December 31, 2016	Fifteen-month period ended December 31, 2015
	$	$
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(84,187)	(698,453)
Deferred tax expense arising from the write-down of a deferred tax asset	84,187	698,453
Total deferred tax expense (income)	-	-
Total income tax expense (income)	-	-

NOTE 10. INCOME TAXES (Continued)

Relationship between expected tax expense and accounting profit or loss

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

	Year ended December 31, 2016	Fifteen-month period ended December 31, 2015
	$	$
Loss before income taxes	(905,792)	(2,528,349)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.90% (25% in 2015)	(243,658)	(632,087)
Non-deductible items	36,651	166,138
Adjustments from prior years	15,092	38,704
Deductible share issue costs	-	(81,301)
Foreign exchange on deferred tax assets	107,354	(189,974)
Other	374	67
Change in unrecognized temporary differences	84,187	698,453
Deferred income tax expense (income)	-	-

Recognized deferred tax assets and liabilities

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, 2015	Profit (loss)	Equity	Balance on December 31, 2016
	$	$	$	$
Deferred income tax liabilities				
Exploration and evaluation assets	(2,868,559)	(350,556)	-	(3,219,115)
	(2,868,559)	(350,556)	-	(3,219,115)
Deferred income tax assets				
Non-capital loss carry forwards	2,868,559	350,556	-	3,219,115
Deferred income tax asset (liability)	-	-	-	-

	Balance on October 1, 2014	Profit (loss)	Equity	Balance on December 31, 2015
	$	$	$	$
Deferred income tax liabilities				
Exploration and evaluation assets	(2,854,538)	(14,021)	-	(2,868,559)
	(2,854,538)	(14,021)	-	(2,868,559)
Deferred income tax assets				
Non-capital loss carry forwards	2,854,538	14,021	-	2,868,559
Deferred income tax asset (liability)	-	-	-	-

NOTE 10. INCOME TAXES (Continued)

Unrecognized deferred tax assets

As at December 31, 2016 and 2015, the Company has the following temporary differences for which no deferred tax has been recognized:

	December 31, 2016	December 31, 2015
	$	$
Equipment	20,733	7,589
Deductible share issue costs	220,533	303,497
Non-capital loss carry forwards	7,243,685	7,273,255
	7,484,951	7,584,341

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, 2016, deferred tax assets totalling $5,371,504 ($4,964,439 at December 31, 2015) have not been recognized.

The Corporation 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	Côte D'ivoire	Total
			$
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	5,834,458	6,528,700
2031	761,713	3,056,678	3,818,391
2032	828,187	2,411,460	3,239,647
2033	1,016,786	875,951	1,892,737
2034	813,639	-	813,639
2035	192,412	993,554	1,185,966
2036	713,770	520,866	1,234,636
	5,698,320	13,692,967	19,391,287
Non-capital losses recognized against the deferred tax liability	(18,645)	(12,128,957)	(12,147,602)
	5,679,675	13,692,967	7,243,685

NOTE 11. ADDITIONAL CASH FLOW INFORMATION

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

	Year ended December 31, 2016	Fifteen-month period ended December 31, 2015
	$	$
Change in E&E assets included in accounts payable and accrued liabilities	82,568	27,456
Depreciation included in E&E assets	102,605	208,855
Finders warrants included in share issuance costs	13,624	24,364

NOTE 12. 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 working capital and 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 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, 2016.

NOTE 13. 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 other amounts receivable as minimal. The Company is also exposed to credit concentration risk by holding cash. This risk is minimized by holding cash balances with large Canadian financial institutions and a minimal amount in its subsidiaries in 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, 2016, the Company had cash of $2,579,417 ($491,671 as at December 31, 2015) to settle account payable and accrued liabilities of $614,765 ($251,166 as at December 31, 2015).

As at December 31, 2016, Management doesn't considers current funds to be sufficient for the Company to continue operating (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 expenditures 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.

Fair value

The Company's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

Market risk

Foreign exchange risk:

As at December 31, 2016 and 2015, the majority of the Company's cash balances were held in Canada in Canadian dollars. As a result, the Company's exposure to fluctuations in foreign exchange rates on cash is limited.

The Company enters into contracts for drilling and other services denominated in CFA and other currencies. These contracts are generally short term in nature. Management believes that the Company is not exposed to significant fluctuations in foreign exchange rates over the life of these contracts.

NOTE 13. FINANCIAL RISK FACTORS (Continued)

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.

NOTE 14. RELATED PARTIES

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

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

Transactions with key management personnel:

During the year ended December 31, 2016, the Company incurred consulting fees of $225,587 (for the fifteen-month period ended December 31, 2015 – $142,054) and office administration fees of $28,125 (for the fifteen-month period ended December 31, 2015 – $56,250) with officers and directors or/and corporations controlled by officers and directors.

During the year ended December 31, 2016, the Company incurred exploration and evaluation expenditures of $156,552 (for the fifteen-month period ended December 31, 2015 – $160,337) with a corporation controlled by a director who is also the President and Chief Executive Officer. All of these fees have been capitalized to the Company's E&E assets.

During the year ended December 31, 2016, the Company recognized a stock-based compensation of $85,584 (for the fifteen-month period ended December 31, 2015 – $255,605) in connection with stock options granted to officers and directors.

As at December 31, 2016, $188,665 (December 31, 2015 – $14,539) is due to officers, directors or corporations controlled by officers and directors. These amounts are included in accounts payable and accrued liabilities.

Transactions with other related parties

During the year ended December 31, 2016, the Company incurred $19,833 (for the fifteen-month period ended December 31, 2016 – $91,958) for professional fees, office supplies, utilities and rent 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 December 31, 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 December 31, 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.

NOTE 15. COMMITMENTS

The Company has an operating lease commitment, that was amended on September 22, 2016, for office premises in Vancouver, British Columbia, Canada, expiring in July 31, 2018, which will call for total rent payments of $23,750 ($15,000 in 2017 and $8,750) and other commitments of $25,000 by May 31, 2017.

The Company has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, expiring in November 30, 2017 which will require a total payment of F CFA 5,400,000 (approximately $11,121 at December 31, 2016).

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

	$
2017	51,121
2018	8,750
	59,871

NOTE 16. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at December 31, 2016 and 2015, the Company's non-current assets are located in the two geographic areas as set out below:

	December 31, 2016	December 31, 2015
	Côte D'Ivoire and Guinea	Côte D'Ivoire and Guinea
	$	$
Property and equipment	313,812	644,904
Exploration and evaluation assets	19,894,317	19,037,746
	20,208,129	19,682,650

NOTE 17. SUBSEQUENT EVENTS

Consulting agreements

The Company has entered into consulting agreements for various services which will call for total payments of $156,000 ($117,000 in 2017 and $39,000 in 2018).

The Company has entered into a consulting agreement for a scoping study on the Samapleu Property which will call for total payments of $606,150 in 2017.

The Company has also entered into consulting agreements with officers for total annual payments of $58,000. One of 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, 2017, the total amounts payable to the executive member in respect of severance would amount $40,000. If a change of control would occur during the year December 31, 2017, the total amount payable in respect of severance, if elected by the executive member would amount $40,000.

Options

On January 18, 2017, the Company granted 1,900,000 stock options to officers, directors, consultants and employees at an exercise price of $0.085 per share expiring on January 17, 2027.

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

Private placements

On April 19, 2017, the Company completed the first tranche of a non-brokered private placement of 13,807,161 units at a price of $0.15 per unit for total gross proceeds of $2,071,075. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.20, expiring on April 19, 2022. In the event that the closing price of the Company's common shares is $0.30 or greater per common share during a 20-consecutive-trading-day period at any time after the closing date, the warrants will expire, at the sole discretion of the Company, 30 days after the date on which the Company provides notice of such fact to the holders thereof. In addition, the Company issued 538,440 finders' warrants exercisable at a price of $0.20 expiring on April 19, 2022.

On April 25, 2017, the Company completed the second tranche of a non-brokered private placement of 4,193,327 units at a price of $0.15 per unit for total gross proceeds of $629,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.20, expiring on April 25, 2022. In the event that the closing price of the Company's common shares is $0.30 or greater per common share during a 20-consecutive-trading-day period at any time after the closing date, the warrants will expire, at the sole discretion of the Company, 30 days after the date on which the Company provides notice of such fact to the holders thereof. In addition, the Company issued 80,000 finders' warrants exercisable at a price of $0.20 expiring on April 25, 2022.