

# **Sama Resources Inc.**

Interim Condensed Consolidated Financial Statements  
**For the three-month periods ended March 31, 2019 and 2018**  
(in Canadian dollars)

# Sama Resources Inc.

---

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

---

<b>NOTICE TO READER</b>	3
<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	
Interim condensed consolidated statements of financial position	4
Interim condensed consolidated statements of loss of comprehensive loss	5
Interim condensed consolidated statements of changes in shareholder's equity	6
Interim condensed consolidated statements of cash flows	7
Notes to interim condensed consolidated financial statements	8 – 24

## **Notice to Reader**

The accompanying unaudited interim condensed consolidated financial statements of Sama Resources Inc. (the "Company") for the three-month periods ended on March 31, 2019 and 2018 have been prepared by the management and are its responsibility. These unaudited interim condensed consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

# Sama Resources Inc.

## Interim Condensed Consolidated Statements of Financial Position

As at March 31, 2019 and December 31, 2018

(Unaudited - in Canadian dollars)

	Notes	March 31, 2019 \$	December 31, 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,041,440	5,779,248
Trade and other amounts receivable		7,068	23,520
Sales taxes receivable		79,899	64,966
Due from a related company		10,552	62,344
Prepaid expenses and deposits		<u>87,235</u>	<u>77,239</u>
		<u>4,226,194</u>	<u>6,007,317</u>
<b>Non-current assets</b>			
Deposit on exploration and evaluation assets		-	25,000
Property, plant and equipment	4	1,107,204	944,449
Investment in associate	5	29,515,966	29,880,633
Exploration and evaluation assets	6	<u>26,473,384</u>	<u>24,842,193</u>
		<u>57,096,554</u>	<u>55,692,275</u>
		<u>61,322,748</u>	<u>61,699,592</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>929,850</u>	<u>898,033</u>
<b>Non-current liabilities</b>			
Deferred tax liability		<u>5,031,216</u>	<u>5,031,216</u>
		5,961,066	5,929,249
<b>Shareholders' equity</b>			
Share capital	7	42,134,413	41,680,104
Contributed surplus	8	4,695,039	4,428,508
Retained earnings		<u>8,532,230</u>	<u>9,661,731</u>
<b>Total equity</b>		<u>55,361,682</u>	<u>55,770,343</u>
<b>Total liabilities and equity</b>		<u>61,322,748</u>	<u>61,699,592</u>
Nature of operations and going concern	1		

On behalf of the Board of Directors,

Signed: "Benoit La Salle" Director

Signed: "Marc-Antoine Audet" Director

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

# Sama Resources Inc.

## Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three-month periods ended on March 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	2019 \$	2018 \$
<b>Revenue</b>		10,428	75,218
<b>Direct costs</b>		<u>(9,103)</u>	<u>(52,700)</u>
<b>Gross profit (excluding depreciation)</b>		<u>1,325</u>	<u>22,518</u>
<b>Operating expenses</b>			
Consulting fees		111,450	144,777
Salaries and benefits		32,478	17,531
Professional fees		50,196	60,792
Travel and representation		107,019	79,854
General and other expenses		77,556	49,751
Investor relations fees		-	15,000
Transfer agent and filing fees		20,774	6,181
Shareholder's information fees		4,740	5,024
Depreciation	4	5,834	963
Stock-based compensation	8	<u>337,918</u>	<u>53,137</u>
		<u>747,965</u>	<u>433,010</u>
<b>Loss before other income (expenses)</b>		(746,640)	(410,492)
<b>Other income (expenses)</b>			
Foreign exchange loss		(32,369)	(15,419)
Interest income		14,175	11,818
Share of loss of associate	5	(364,667)	(143,363)
Loss on dilution of associate		-	(74,040)
		<u>(382,861)</u>	<u>(221,004)</u>
<b>Net loss and comprehensive loss</b>		<u>(1,129,501)</u>	<u>(631,496)</u>
<b>Basic and diluted net loss per common share</b>		<u>(0.006)</u>	<u>(0.005)</u>
<b>Weighted average number of common shares outstanding</b>		<u>190,837,299</u>	<u>118,955,287</u>

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

## Sama Resources Inc.

### Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the three-month periods ended March 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Share capital numbers	Share capital \$	Contributed surplus \$	Retained earnings \$	Total \$
<b>Balance – January 1st, 2018</b>		155,782,303	34,264,927	3,750,352	13,305,381	51,320,660
Exercise of warrants	7	4,583,334	1,105,834	(2,500)	-	1,103,334
Exercise of stock options	7, 8	155,000	58,905	(23,805)	-	35,100
Stock-based compensation	8	-	-	65,745	-	65,745
Net loss and comprehensive loss		-	-	-	(631,496)	(631,496)
<b>Balance – March 31, 2018</b>		<b>160,520,637</b>	<b>35,429,666</b>	<b>3,789,792</b>	<b>12,673,885</b>	<b>51,893,343</b>
<b>Balance – January 1st, 2019</b>		189,426,410	41,680,104	4,428,508	9,661,731	55,770,343
Exercise of warrants	7	1,075,000	166,625	(5,375)	-	161,250
Exercise of stock options	7, 8	740,000	287,684	(117,484)	-	170,200
Stock-based compensation	8	-	-	389,390	-	389,390
Net loss and comprehensive loss		-	-	-	(1,129,501)	(1,129,501)
<b>Balance – March 31, 2019</b>		<b>191,241,410</b>	<b>42,134,413</b>	<b>4,695,039</b>	<b>8,532,230</b>	<b>55,361,682</b>

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

# Sama Resources Inc.

## Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended on March 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	2019 \$	2018 \$
<b>Cash flows from</b>			
<b>Operating activities</b>			
Net loss for the period		(1,129,501)	(631,496)
Items not affecting cash			
Depreciation	4	5,834	963
Stock-based compensation	8	337,918	53,137
Share of loss of associate	5	364,667	143,363
Loss on dilution of associate	5	-	74,040
		<u>(421,082)</u>	<u>(359,993)</u>
Change in non-cash working capital items			
Trade and other amounts receivable		16,452	42,453
Sales taxes receivable		(14,933)	(8,318)
Due from a related company		51,792	(28,008)
Prepaid expenses and deposits		(9,996)	(49,965)
Deferred transaction costs		-	(75,705)
Accounts payables and accrued liabilities		<u>(14,584)</u>	<u>(62,185)</u>
		<u>28,731</u>	<u>(181,728)</u>
		<u>(392,351)</u>	<u>(541,721)</u>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	4	(213,971)	(228,970)
Exploration and evaluation expenditures	6	<u>(1,462,936)</u>	<u>(673,195)</u>
		<u>(1,676,907)</u>	<u>(902,165)</u>
<b>Financing activities</b>			
Exercise of warrants	7	161,250	1,103,334
Exercise of stock options	7, 8	<u>170,200</u>	<u>35,100</u>
		<u>331,450</u>	<u>1,138,434</u>
<b>Decrease in cash during the period</b>		<b>(1,737,808)</b>	<b>(305,452)</b>
<b>Cash and cash equivalents – Beginning of period</b>		<b><u>5,779,248</u></b>	<b><u>4,185,560</u></b>
<b>Cash and cash equivalents – End of period</b>		<b><u><u>4,041,440</u></u></b>	<b><u><u>3,880,108</u></u></b>

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

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

### 1 Nature of operations and going concern

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

These interim condensed consolidated financial statements were authorized for publication by the Board of Directors on May 30, 2019.

The Company’s exploration and evaluation assets are located in the Republic of Ivory Coast (“Ivory Coast”) West Africa, and hence are subject to the risks normally associated with foreign investment including unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

#### ***Going concern uncertainty***

These interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. As at March 31, 2019, the Company has accumulated retained earnings of \$8,532,230 (December 31, 2018 – \$9,661,731) and a working capital of \$3,296,344 (December 31, 2018 – \$5,109,284), including cash and cash equivalents of \$4,041,440 (December 31, 2018 – \$5,779,248). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company’s ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company’s discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet the Company’s obligations, budgeted expenditures and commitments through March 31, 2020. Based on the extent of the Company’s current stage and anticipated plan, the Company will need to raise additional financing within the next 9-12 month, and those facts cast significant doubt on the Company’s ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.



# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

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

## 2 Changes in accounting policies

### Accounting standards and interpretations issued and in effect

#### IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the lessee and the lessor. Effective January 1, 2019, the Company adopted this standard using the modified retrospective approach under which the cumulative effect of initial application, if applicable, is recognize in retained earnings at January 1, 2019. The impact of this change in accounting policy is noted below.

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

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

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

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

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

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

As the Company leases are either less than 12 month and/or at a low value, the adoption of IFRS 16 has not resulted in any changes in the unaudited condensed interim consolidated financial statements.

### 3 Basis of presentation and significant accounting policies

#### Basis of presentation

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

The accounting policies followed in these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2018, except for new accounting standards adopted in 2019 (Note 2). These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2018 which have been prepared according to IFRS as issued by the IASB.

#### Basis of consolidation

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

The Company's subsidiaries are as follows:

		March 31, 2019	December 31, 2018
	Jurisdiction of incorporation	Ownership %	Ownership %
Sama Nickel Corporation ("Sama Nickel")	Canada	100	100
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast	100	100
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast	100	100

# **Sama Resources Inc.**

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

**March 31, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

### **Investment in associate**

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

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

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

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

### **Functional and presentation currency**

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

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

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

### Foreign currency transactions

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

### 4 Property, plant and equipment

	Exploration equipment \$	Buildings and lease improvements \$	Other equipment \$	Total \$
<b>Cost</b>				
<b>Balance – January 1st, 2018</b>	933,716	42,037	32,534	1,008,287
Acquisitions	766,259	44,762	67,495	878,516
Disposals	(99,469)	-	(5,860)	(105,329)
<b>Balance – December 31, 2018</b>	1,600,506	86,799	94,169	1,781,474
Acquisitions	170,852	40,627	2,492	213,971
<b>Balance – March 31, 2019</b>	<u>1,771,358</u>	<u>127,426</u>	<u>96,661</u>	<u>1,995,445</u>
<b>Accumulated amortization</b>				
<b>Balance – January 1st, 2018</b>	668,355	30,030	23,189	721,574
Depreciation	183,693	5,501	8,120	197,314
Disposals	(80,211)	-	(1,652)	(81,863)
<b>Balance – December 31, 2018</b>	771,837	35,531	29,657	837,025
Depreciation	43,578	2,223	5,415	51,216
<b>Balance – March 31, 2019</b>	<u>815,415</u>	<u>37,754</u>	<u>35,072</u>	<u>888,241</u>
<b>Carrying amount</b>				
<b>Balance – December 31, 2018</b>	<u>828,669</u>	<u>51,268</u>	<u>64,512</u>	<u>944,449</u>
<b>Balance – March 31, 2019</b>	<u>955,943</u>	<u>89,672</u>	<u>61,589</u>	<u>1,107,204</u>

During the three-month period ended March 31, 2019, a depreciation expense of \$5,834 (December 31, 2018 – \$22,941) was recorded in the interim condensed consolidated statement of loss and comprehensive loss and \$45,382 (December 31, 2018 – \$174,373) was recorded under exploration and evaluation (“E&E”) assets.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

### 5 Investment in associate

On November 23, 2017, as a result of the loss of control of SRG Graphite Inc. (“SRG”), an equity investment of \$30,822,834 was recorded based on the fair value of the shares held on that date. At that date and as at December 31, 2017, the Company’s ownership in SRG was 40.24%. Management has determined that its investment in the common shares of SRG gives it significant influence over SRG. As a result, the Company applied the equity method of accounting for its investment in SRG.

During the year ended December 31, 2018, SRG issued a total of 8,142,433 shares following the completion of a public offering, a private placement and the exercise of warrants and stock options for total net proceeds of \$10,409,166. The Company’s ownership in SRG went from 40.24% to 35.52%. Therefore, the Company recorded a gain on dilution of \$116,664, on the deemed disposal of a portion of its ownership interest.

During the three-month ended March 31, 2019, SRG did not issue any shares. Therefore, the Company’s ownership in SRG remained at 35.52%.

The continuity of the Company’s investment in SRG common shares is as follows:

	March 31, 2019 \$	December 31, 2018 \$
<b>Balance – beginning of period</b>	29,880,633	30,687,029
Share of loss and comprehensive loss	(364,667)	(923,060)
Gain on dilution	-	116,664
<b>Balance – end of period</b>	<u>29,515,966</u>	<u>29,880,633</u>

The fair value of the Company’s investment in SRG as at March 31, 2019 was \$22,439,023 (December 31, 2018 – \$18,740,283).

# **Sama Resources Inc.**

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

**March 31, 2019 and 2018 and December 31, 2018**

(Unaudited - in Canadian dollars)

---

### **6 Exploration and evaluation assets**

#### **Samapleu property**

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

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

On October 25, 2015, Sama Nickel and SODEMI extended certain terms of PR123 resulting in an exploration license extension to June 25, 2017. On June 9, 2017, before the license extension expired, Sama Nickel and SODEMI filed a request for a Mining Permit (Permis d’Exploitation (PE)) for an area of 160 square kilometres within the Samapleu exploration license as well as a request for an Exploration Permit (Permis de Recherche (PR)) for the remaining area of the Samapleu PR123, located west of the PE.

In March 2018, following discussions with the government, SODEMI withdrew its application for a Mining Permit and applied for two (2) new exploration permits covering a total area of 318 square kilometers (Samapleu-East and Samapleu-West) to replace the PR123. According to a new regulation in Ivory Coast, classified forests must be removed from any new application. Therefore, the total surface areas covered by the two (2) new applications is smaller than the initial area covered by the PR123. When granted, the two (2) new exploration permits will have a twelve-year life time. No exploration and evaluation work was performed on the classified forest area. Therefore, no partial impairment was required. While the authorities are studying the requests, Sama Nickel is allowed to perform exploration and evaluation work. As of today, there is no indication that the exploration permits will not be granted. However, a whole or partial impairment of the value of the Samapleu Property will be required should Sama Nickel fail to obtain the exploration permits.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

Upon completion of the BFS, the Advisory Committee (“AC”), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity (“EE”) will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for all costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,907,219 as at March 31, 2019) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC which represents a total amount of \$20,456,202 as at March 31, 2019.

The ownership of the EE shall be allocated as follows:

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

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 work and all studies associated with infrastructures, for no financial consideration.

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

### Zérégouiné property

Sama CI owns the exploration permit No. 300 (“PR300”) which covers 290 square kilometers of property in Ivory Coast which expired on December 18, 2018. In accordance with PR300, Sama CI was required to complete an exploration program evaluated at F CFA 614,000,000 (\$1,402,435 as at March 31, 2019) before the term of the exploration permit. This exploration program was completed on time and on September 19, 2018, Sama CI filed the required documentation with the Department of Mines in Côte d’Ivoire, for the renewal of PR300 which should expire on December 18, 2021. As of today, there is no indication that the exploration permit will not be granted. However, a whole or partial impairment of the value of the Zérégouiné Property will be required should

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

### Grata property

Sama CI owns the exploration permit No. 604 (“PR604”) which covers 80 square kilometers of property in Ivory Coast and expires on December 8, 2019. In accordance with PR604, Sama CI agreed to complete an exploration program evaluated at F CFA 663,000,000 (approximately \$1,514,356 as at March 31, 2019) before the term of the exploration permit.

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

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

	December 31, 2017 \$	Activity \$	December 31, 2018 \$	Activity \$	March 31, 2019 \$
<b>Samapleu property</b>					
Acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Drilling	5,034,190	275,396	5,309,586	16,497	5,326,083
Camp operation costs and other expenses	4,978,537	109,199	5,087,736	35,057	5,122,793
Geology and prospecting	2,494,846	89,654	2,584,500	-	2,584,500
Geophysics	1,369,164	12,032	1,381,196	-	1,381,196
Engineering study	556,109	60,615	616,724	54,063	670,787
Geochemistry	520,363	8,242	528,605	375	528,980
Metallurgical tests	170,558	66,168	236,726	3,864	240,590
Environmental study	85,397	43,704	129,101	-	129,101
Stock-based compensation	39,688	-	39,688	-	39,688
	19,681,336	665,010	20,346,346	109,856	20,456,202
<b>Zérégouiné property</b>					
Camp operation costs and other expenses	491,911	1,328,386	1,820,297	341,627	2,161,924
Drilling	276,803	471,255	748,058	786,278	1,534,336
Geology and prospecting	349,430	236,212	585,642	34,499	620,141
Geophysics	121,792	708,697	830,489	230,643	1,061,132
Geochemistry	8,674	-	8,674	3,182	11,856
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	1,430	-	1,430	-	1,430
Stock-based compensation	-	122,155	122,155	51,472	173,627
	1,253,616	2,866,705	4,120,321	1,447,701	5,568,022
<b>Grata property</b>					
Camp operation costs and other expenses	92,633	72,144	164,777	26,535	191,312
Geology and prospecting	20,700	51,572	72,272	12,135	84,407
Geophysics	21,787	69,219	91,006	34,964	125,970
Drilling	39,577	-	39,577	-	39,577
Environmental study	1,590	-	1,590	-	1,590
Stock-based compensation	-	6,304	6,304	-	6,304
	176,287	199,239	375,526	73,634	449,160
<b>Total E&amp;E assets</b>	<b>21,111,239</b>	<b>3,730,954</b>	<b>24,842,193</b>	<b>1,631,191</b>	<b>26,473,384</b>



# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

### 7 Share capital

Authorized

Unlimited number of voting common shares without par value.

#### Transactions on share capital

##### 2018

During the first quarter ended March 31, 2018, a total of 4,583,334 warrants were exercised at prices from \$0.15 to \$0.28 per warrant and 155,000 stock options were exercised at prices from \$0.22 to \$0.23 per stock option for total proceeds of \$1,138,434.

##### 2019

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

#### Warrants

The following table shows the changes in warrants:

	March 31, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	39,922,406	0.25	26,251,240	0.22
Granted	-	-	25,000,000	0.28
Exercised	(1,075,000)	0.15	(6,889,107)	0.23
Expired	-	-	(4,439,727)	0.28
<b>Outstanding and exercisable – End of period</b>	<b>38,847,406</b>	<b>0.25</b>	<b>39,922,406</b>	<b>0.25</b>

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

Expiration date	March 31, 2019		December 31, 2018	
	Exercise price \$	Number of warrants outstanding	Exercise price \$	Number of warrants outstanding
April 13, 2020	0.28	25,000,000	0.28	25,000,000
August 26, 2020	0.25	4,795,240	0.25	4,795,240
September 14, 2020	0.25	901,666	0.25	901,666
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	1,494,500	0.15	2,494,500
December 9, 2021	0.15	3,925,000	0.15	4,000,000
		<u>38,847,406</u>		<u>39,922,406</u>

## 8 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:

	March 31, 2019		December 31, 2018	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	14,960,000	0.24	12,760,000	0.21
Granted	3,225,000	0.27	4,055,000	0.33
Exercised	(740,000)	0.23	(1,755,000)	0.22
Expired	(305,000)	0.23	-	-
Cancelled	-	-	(100,000)	0.27
<b>Outstanding – End of period</b>	<u>17,140,000</u>	<u>0.25</u>	<u>14,960,000</u>	<u>0.24</u>
<b>Exercisable – End of period</b>	<u>12,513,750</u>	<u>0.23</u>	<u>12,667,500</u>	<u>0.23</u>

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

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

Expiry date	Exercise price \$	March 31, 2019		December 31, 2018	
		Number outstanding	Number exercisable	Number outstanding	Number exercisable
January 21, 2019	0.23	-	-	1,045,000	1,045,000
June 6, 2019	0.18	1,000,000	1,000,000	1,000,000	1,000,000
October 15, 2019	0.275	300,000	300,000	300,000	300,000
June 29, 2021	0.15	400,000	400,000	400,000	400,000
August 31, 2021	0.12	50,000	50,000	50,000	50,000
June 6, 2022 (a)	0.32	1,400,000	1,400,000	1,400,000	1,400,000
June 21, 2022	0.155	200,000	200,000	200,000	200,000
October 14, 2022	0.33	1,000,000	1,000,000	1,000,000	1,000,000
April 21, 2025	0.19	2,150,000	2,150,000	2,150,000	2,150,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	1,900,000	1,900,000	1,900,000
March 31, 2027	0.15	500,000	500,000	500,000	500,000
April 27, 2027	0.195	100,000	100,000	100,000	100,000
November 28, 2027	0.29	660,000	495,000	660,000	495,000
June 12, 2028	0.33	3,655,000	1,827,500	3,655,000	1,827,500
July 29, 2028	0.30	340,000	170,000	340,000	85,000
October 31, 2028	0.30	60,000	15,000	60,000	15,000
February 20, 2029	0.27	3,225,000	806,250	-	-
		17,140,000	12,513,750	14,960,000	12,667,500

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

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

An expense for stock-based compensation of \$389,390 was recognized during the three-month period ended March 31, 2019 (for the three-month period ended March 31, 2018 – \$65,745). An amount of \$337,918 (for the three-month period ended March 31, 2018 – \$53,137) was recognized in the interim condensed consolidated statement of loss and comprehensive loss and \$51,472 (for the three-month period ended March 31, 2018 – \$12,608) was capitalized to the exploration and evaluation assets.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

### 9 Additional cash flow information

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

	Three-month period ended March 31, 2019 \$	Three-month period ended March 31, 2018 \$
Depreciation included in E&E assets	45,382	43,675
Stock-based compensation included in E&E assets	51,472	12,608
Change in E&E assets included in accounts payable and accrued liabilities	71,401	40,556
Deferred transaction costs included in accounts payable and accrued liabilities	-	(16,676)

### 10 Related parties

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

Key management personnel are the members of the Board of Directors and officers. The remuneration of key management personnel includes the following:

#### Transactions with key management personnel

During the three-month period ended March 31, 2019, the Company incurred fees of \$26,250 with the CFO (for the three-month period ended March 31, 2018 – \$18,000). These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at March 31, 2019, no amount (December 31, 2018 – \$16,425) is due to the CFO.

During the three-month period ended March 31, 2019, the Company paid a salary of \$8,250 (for the three-month period ended March 31, 2018 – \$7,500) to an officer. These fees are recorded under salaries and benefits in the interim condensed consolidated statement of loss and comprehensive loss. As at March 31, 2019 and December 31, 2018, no amount was due to the officer.

During the three-month period ended March 31, 2019, the Company incurred fees of \$57,498 (for the three-month period ended March 31, 2018 – \$46,251) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of \$11,500 (for the three-month period ended March 31, 2018 – \$9,250) has been recorded under consulting fees in the interim condensed consolidated statement of loss and comprehensive loss and \$45,998 (for the three-month period ended March 31, 2018 – \$37,001) has been capitalized to the Company's E&E assets. As at March 31, 2019, \$22,036 (December 31, 2018 – \$11,679) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

During three-month period ended March 31, 2019, a stock-based compensation of \$290,973 was recognized in connection with stock options granted to officers and directors solely (for the three-month period ended March 31, 2018 – \$22,638). This stock-based compensation was recognized in the interim condensed consolidated statement of loss and comprehensive loss.

### Transactions with related parties

During three-month period ended March 31, 2019, the Company incurred fees of \$27,395 (for the three-month period ended March 31, 2018 – \$21,146) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. An amount of \$25,000 (for the three-month period ended March 31, 2018 – \$18,750) was recorded under consulting fees and \$2,395 (for the three-month period ended March 31, 2018 – \$2,396) under general and other expenses in the interim condensed consolidated statement of loss and comprehensive loss. As at March 31, 2019, no amount (December 31, 2018 – \$36,324) is due to that corporation.

During the three-month period ended March 31, 2019, the Company incurred fees of \$23,125 (for the three-month period ended March 31, 2018 – \$18,750) with a company controlled by the Vice-president Legal and Corporate Affairs. These fees are recorded under professional fees in the interim condensed consolidated statement of loss and comprehensive loss. As at March 31, 2019 no amount (December 31, 2018 – \$15,075) is due to the Vice-president Legal and Corporate Affairs.

During the three-month period ended March 31, 2019, the Company charged an amount of \$10,428 to SRG as part of a service agreement and \$75,218 as part of drilling and service agreements for the three-month period ended March 31, 2018. As at March 31, 2019, \$10,552 (December 31, 2018 – \$62,344) is due from SRG and presented as a due from a related company in the interim condensed consolidated financial position.

### Termination and Change of Control Provisions

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

## 11 Commitments

- a) Sama signed a technology license agreement with CVMR Corporation (CVMR). Under the terms of the agreement, CVMR grants Sama use of its technology to refine the mineralized material from the Samapleu property in Ivory Coast, West Africa, to produce nickel and iron powders. In consideration of the technology license, Sama has agreed to pay CVMR \$5,000,000 either in cash or, subject to approval from the TSX-V, through the issuance of an equivalent value of common shares of Sama within 90 days of the granting of the mining license. Share price will be based on the average closing price of those shares on the exchange for each day during the three months of trading prior to issuance. In addition, CVMR will receive a royalty equal to 15% of the sale price of metal

## Sama Resources Inc.

### Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

---

powders produced by the plants in excess of the London Metal Exchange (“LME”) price of the elements contained in such powders.

- b) On October 23, 2017, the Company entered into a binding term sheet in view of forming a strategic partnership with HPX TechCo Inc. (“HPX”), in order to develop its nickel-copper and cobalt project in Ivory Coast, West Africa.

As part of the term sheet, HPX would make a strategic investment of \$5,250,000 by acquiring a total 25,000,000 units at a price of \$0.21 per unit, with each unit consisting of one common share and one share purchase warrant. Each warrant will entitle HPX to purchase an additional common share at a price of \$0.28 per common share for 24 months following the closing date. If exercised, these warrants would represent an additional investment of \$7,000,000 for a total investment, by HPX, of \$12,250,000. HPX would also have the ability to earn, through a joint venture with the Company, up to a 60% interest in the Company’s Ivory Coast projects, including the Samapleu project, by financing exploration and evaluation expenses and completing a feasibility study through total investments of \$30,000,000. The private placement of \$5,250,000 and the exercise of warrants of \$7,000,000 would be considered part of this total investment of \$30,000,000.

Highlights of the term sheet include the following:

- HPX will have a pre-emptive/anti-dilution right to maintain its ownership percentage in the Company in future equity financings as long as the holdings of common shares of the Company by HPX and its affiliates remains above 10%;
- HPX will have the right, but not the obligation, to nominate and have appointed: (i) two directors to the board of the Company as long as its shareholding in the Company remains above 10%; and (ii) four directors if its shareholding is greater than 50%;
- HPX would earn into the Ivory Coast project through Sama Nickel as the joint venture vehicle;
- Pursuant to the terms of the earn-in and joint venture agreement, HPX shall have the ability to earn a 30% interest in the Ivory Coast project by incurring expenditures of \$15,000,000. By incurring additional expenditures of \$15,000,000 (or, as may be the case, \$10,000,000 in certain circumstances discussed as follows) over a maximum of 6 years, including the financing of a bankable feasibility study and the acquisition of an exploitation permit on part of the Ivory Coast project, HPX will be entitled to earn an additional interest in the Ivory Coast project, such that its aggregate interest therein shall be 60%;
- If certain conditions related to the SODEMI/SNC joint venture are not met by an outside date (the earn-in adjustment date), then HPX shall have a period of one month after the earn-in adjustment date to notify the Company in writing as to whether or not it wishes to proceed with the 60% earn-in on the totality of the Ivory Coast project for:
  - i. A reduced additional expenditure of \$10,000,000 (instead of \$15,000,000) in order to earn its additional 30% interest in all of the Ivory Coast project;

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

- ii. Or an additional expenditure of \$5,000,000 (instead of \$10,000,000) in order to earn its additional 30% interest in the Ivory Coast project excluding the Samapleu project after the Company has transferred the Samapleu project from SNC to the Company or an affiliate.

This transaction was completed on April 13, 2018 and the Company issued a total of 25,000,000 units at a price of \$0.21 per unit for total proceeds of \$5,250,000.

- c) The Company has an operating lease commitment, for office premises in Vancouver, British Columbia, Canada, which will call for a monthly rent of \$1,250. The agreement can be terminated upon a six-month notice by both parties.
- d) The Company has operating lease commitments for offices premises in Abidjan, Ivory Coast, West Africa, expiring on March 31, 2020 which will call for total rent payments of F CFA 18,000,000 (approximately \$41,113 at March 31, 2019), as F CFA 13,500,000 in 2019 (approximately \$30,835 in 2019) and F CFA 4,500,000 in 2020 (approximately \$10,278 in 2020). The agreement can be terminated upon a six-month notice by both parties.

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

	\$
2019	38,335
2020	<u>10,278</u>
	<u>48,613</u>

## 12 Operating segment

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

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

	Canada	Ivory Coast	Three-month period ended March 31, 2019 \$ Total
Revenue	-	10,428	<u>10,428</u>

# Sama Resources Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2019 and 2018 and December 31, 2018

(Unaudited - in Canadian dollars)

	Canada	Ivory Coast	Three-month period ended March 31, 2018 \$
			Total
Revenue	-	75,218	75,218

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

	Canada	Ivory Coast	March 31, 2019 \$
			Total
Property, plant and equipment	1,038	1,106,166	1,107,204
Exploration and evaluation assets	-	26,473,384	26,473,384
Investment in associate	29,515,966	-	29,515,966
	29,517,004	27,579,550	57,096,554

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