



SAMA RESOURCES INC. / RESSOURCES SAMA INC.

*Condensed Interim Consolidated Financial Statements*  
For the three and nine months ended September 30, 2016 and 2015.

TSXV: SME

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

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## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## **Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Sama Resources Inc. / Ressources Sama Inc. (the "Company") for the three and nine months ended on September 30, 2016 and 2015 have been prepared by the management and are its responsibility. These unaudited condensed interim 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 condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of		(Unaudited - in Canadian dollars)	
	Notes	September 30, 2016	December 31, 2015
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		298,282	491,671
Trade and other amounts receivable		46,397	73,570
Prepaid expenses and deposits		21,338	27,564
		<u>366,017</u>	<u>592,805</u>
<b>Non-current assets</b>			
Property and equipment	5	327,961	644,904
Exploration and evaluation assets	6	19,769,567	19,037,746
		<u>20,097,528</u>	<u>19,682,650</u>
<b>Total assets</b>		<u><u>20,463,545</u></u>	<u><u>20,275,455</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities		425,917	251,166
Unearned revenue		-	2,692
		<u>425,917</u>	<u>253,858</u>
<b>Total liabilities</b>		<u>425,917</u>	<u>253,858</u>
<b>EQUITY</b>			
Share capital	7	27,500,014	26,877,368
Contributed surplus		2,705,157	2,571,197
Deficit		(10,167,543)	(9,426,968)
<b>Total shareholders' equity</b>		<u>20,037,628</u>	<u>20,021,597</u>
<b>Total liabilities and shareholders' equity</b>		<u><u>20,463,545</u></u>	<u><u>20,275,455</u></u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

These condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Board of Directors on November 21, 2016 and are signed on its behalf by:

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

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

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

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

Notes	September 30, 2016 (3 months) \$	September 30, 2015 (3 months) \$	September 30, 2016 (9 months) \$	September 30, 2015 (9 months) \$
<b>Revenue</b>	2,350	-	73,816	-
<b>Direct costs</b>	26,566	-	94,355	-
<b>Gross loss (excluding depreciation)</b>	24,216	-	20,539	-
<b>Expenses</b>				
Depreciation	1,041	3,331	4,537	5,924
Consulting	92,339	65,108	170,410	190,473
Foreign exchange	6,845	11,726	(12,114)	10,689
Insurance	4,027	7,102	20,102	37,995
Investor relations	1,836	867	2,033	7,671
Professional fees	30,187	(4,302)	96,409	48,635
Directors fees	-	-	-	(13,000)
Office supplies, utilities and rent	17,196	25,286	57,556	89,265
Office administration	74,527	87,493	214,373	232,267
Shareholder information	3,319	3,209	8,152	11,999
Stock-based compensation	8	32,620	81,719	120,336
Transfer agent and filing fees	8,227	3,694	20,394	16,386
Travel	12,875	12,338	24,131	58,880
	285,039	297,571	726,319	951,010
<b>Loss before other expenses (revenues)</b>	309,255	297,571	746,858	951,010
<b>Other expenses (revenues)</b>				
Exploration and evaluation assets impairment	6	-	959,222	-
Interest income	-	-	(128)	(160)
Gain on disposal of property and equipment	(40,614)	-	(6,155)	-
	(40,614)	959,222	(6,283)	959,062
<b>Net loss and comprehensive loss</b>	268,641	1,256,793	740,575	1,910,072
<b>Basic and diluted net loss per common share</b>	0.00	0.01	0.01	0.02
<b>Weighted average number of common shares outstanding</b>	113,718,330	99,999,342	110,571,639	99,455,987

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

## SAMA RESOURCES INC. / RESSOURCES SAMA INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

**Nine months ended September 30, 2016 and 2015**

**(Unaudited - in Canadian dollars)**

	Notes	Share capital		Contributed surplus	Deficit	Total
		Number	\$	\$	\$	\$
<b>Balance on January 1st, 2015</b>		99,035,879	25,771,049	2,241,383	(7,259,988)	20,752,444
Issuance of shares under private placements	7	9,318,908	1,410,500	-	-	1,410,500
Share issuance costs	7	-	(304,181)	23,792	-	(280,389)
Share-based compensation	8	-	-	253,826	-	253,826
		<u>9,318,908</u>	<u>1,106,319</u>	<u>277,618</u>	<u>-</u>	<u>1,383,937</u>
Net loss and comprehensive loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,910,072)</u>	<u>(1,910,072)</u>
<b>Balance on September 30, 2015</b>		<u><u>108,354,787</u></u>	<u><u>26,877,368</u></u>	<u><u>2,519,001</u></u>	<u><u>(9,170,060)</u></u>	<u><u>20,226,309</u></u>
<b>Balance on January 1st, 2016</b>		108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597
Issuance of shares under private placements	7	6,550,500	655,050	-	-	655,050
Share issuance costs	7	-	(32,404)	13,624	-	(18,780)
Share-based compensation	8	-	-	120,336	-	120,336
		<u>6,550,500</u>	<u>622,646</u>	<u>133,960</u>	<u>-</u>	<u>756,606</u>
Net loss and comprehensive loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>(740,575)</u>	<u>(740,575)</u>
<b>Balance on September 30, 2016</b>		<u><u>114,905,287</u></u>	<u><u>27,500,014</u></u>	<u><u>2,705,157</u></u>	<u><u>(10,167,543)</u></u>	<u><u>20,037,628</u></u>

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

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

	Notes	September 30, 2016 (9 months)	September 30, 2015 (9 months)
		\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(740,575)	(1,910,072)
Items not affecting cash			
Depreciation		4,537	5,924
Exploration and evaluation assets impairment		-	959,222
Share-based compensation	8	120,336	253,826
Gain on disposal of property and equipment		(6,155)	-
		<u>(621,857)</u>	<u>(691,100)</u>
Change in non-cash working capital items			
Trade and other amounts receivable		27,173	(3,515)
Prepaid expenses and deposits		6,226	(29,400)
Accounts payables and accrued liabilities		60,423	11,576
Unearned revenue		(2,692)	(40,675)
		<u>91,130</u>	<u>(62,014)</u>
		<u>(530,727)</u>	<u>(753,114)</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	5	(2,218)	(3,712)
Proceeds from disposal of property and equipment		226,642	-
Exploration and evaluation expenditures		(523,356)	(672,230)
		<u>(298,932)</u>	<u>(675,942)</u>
<b>FINANCING ACTIVITIES</b>			
Issuance of common shares	7	655,050	1,395,100
Share issuance costs paid	7	(18,780)	(280,389)
		<u>636,270</u>	<u>1,114,711</u>
<b>Decrease in cash during the period</b>		<u>(193,389)</u>	<u>(314,345)</u>
<b>Cash, beginning of period</b>		<u>491,671</u>	<u>1,355,382</u>
<b>Cash, end of period</b>		<u><u>298,282</u></u>	<u><u>1,041,037</u></u>

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

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 1. NATURE OF OPERATIONS AND GOING CONCERN

Sama Resources Inc./Ressources Sama 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 principal office is located at #2390 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. 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.

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.

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

The Company had a working capital deficiency of \$59,900 and an accumulated deficit of \$10,167,543 as at September 30, 2016 and a net cash outflow from operating, financing and investing activities of \$193,389 for the nine months ended September 30, 2016.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. Management considers current funds are insufficient for the Company to continue operating. Any future funding shortfall may be met in a number of ways, including the issuance of new equity instruments, cost reductions and other measures. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

### NOTE 2. STATEMENT OF COMPLIANCE

Effective in 2015, the Company has changed its financial year-end from September 30 to December 31 in order to align the year-ends of Sama and its operating subsidiaries located in Cote d'Ivoire and Guinea which operate on a calendar fiscal year-end. Accordingly, these condensed consolidated interim financial statements present the statements of financial position as at September 30, 2016 and December 31, 2015, and the results of operations for the nine months then ended.

The Company's condensed interim 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 condensed interim consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2015 with the exception of the new accounting standards issued and in effect described in note 3. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015 which have been prepared according to IFRS as issued by the IASB. The Audit Committee of the Board of Directors authorized for publication the condensed interim consolidated financial statements on November 21, 2016.



# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

#### 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 September 30, 2016 and December 31, 2015, the subsidiaries of the Company are as follows:

Subsidiaries	Jurisdiction of incorporation	% of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Côte d'Ivoire	100%
Sama Resources Guinee SARL ("Sama Guinee")	Guinea	100%

#### Accounting standards and interpretations issued and in effect

##### *IAS 1, Presentation of Financial Statements ("IAS 1")*

In December 2014, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statements of financial position, statements of income and statements of comprehensive income. The Company has adopted the amendments on January 1, 2016 with no significant impacts on the financial statement disclosures.

#### 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.

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 Company is currently evaluating the impact of this standard on its financial statements.

#### *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.

### NOTE 4. REVERSE TAKEOVER TRANSACTION

Pursuant to the terms and conditions of a Share Exchange Agreement, dated August 5, 2016, and signed between the Company and Section Rouge Media Inc. ("SRM"), SRM has agreed to acquire 100% of the issued and outstanding shares of Sama Resources Guinee SARL ("Sama Guinee"), a wholly-owned subsidiary of the Company resulting in a reverse takeover of SRM as described below (the "Reverse Take-over" or the "Transaction"). The completion of this arm's length transaction remain subject to the approval of the TSX Venture Exchange and SRM's shareholders which has not been obtained as of the date hereof.

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

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

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

In connection with the reverse takeover, SRM intends to conduct a concurrent private placement offering of common shares of SRM at a price of \$0.10 for aggregate gross proceeds of not less than \$500,000 up to a maximum of \$2,000,000. SRM may pay finders' fees in cash and issue finder warrants in connection with the concurrent financing. Net proceeds from the concurrent financing will be used for the advancement of the property and for general working capital purposes related thereto. This private placement was completed on November 4, 2016 (Note 13).

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

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 5. PROPERTY AND EQUIPMENT

	Exploration equipments	Land and buildings	Other equipments	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance as at January 1st, 2015	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	(481,684)	-	(4,780)	(486,464)
Balance as at September 30, 2016	<u>860,396</u>	<u>44,079</u>	<u>75,802</u>	<u>980,277</u>
<b>Accumulated amortization</b>				
Balance as at January 1st, 2015	537,094	11,526	53,045	601,665
Depreciation	201,320	7,535	9,099	217,954
Balance as at September 30, 2015	738,414	19,061	62,144	819,619
Depreciation	90,551	3,586	4,537	98,674
Disposals	(262,509)	-	(3,468)	(265,977)
Balance as at September 30, 2016	<u>566,456</u>	<u>22,647</u>	<u>63,213</u>	<u>652,316</u>
<b>Carrying amount</b>				
Balance as at December 31, 2015	<u>603,666</u>	<u>22,800</u>	<u>18,438</u>	<u>644,904</u>
Balance as at September 30, 2016	<u>293,940</u>	<u>21,432</u>	<u>12,589</u>	<u>327,961</u>

A depreciation of \$4,537 was recorded in the statement of net loss and comprehensive loss and \$94,137 was recorded under Exploration and evaluation assets.

### NOTE 6. EXPLORATION AND EVALUATION ASSETS

#### Samapleu Property

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

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

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

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately \$1,875,885 as at September 30, 2016) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC which represent a total amount of \$17,950,041 as at September 30, 2016.

The ownership of the EE shall be allocated as follows:

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

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

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

#### Lola Property

On November 5, 2010, the Company obtained three licenses to explore a combined 1,212 square kilometres of property in Guinea. On November 21, 2013, the Company obtained five new licenses to explore a combined 473 square kilometres within the previously held three licenses to explore a combined 1,212 square kilometres. All five licenses have been renewed for a two year term effective to November 21, 2015.

During the fifteen months ended December 31, 2015, management centralized its efforts in order to focus on its core exploration and evaluation assets; as a result, the Company recorded an impairment charge of \$959,222 against the carrying value of the Lola Property as the licenses were not renewed at their expiration in November 2015. The Lola Property was 100% owned by the Company and was located in eastern Guinea and adjacent to the Samapleu Property across the border in Côte d'Ivoire.

#### Lola Graphite Property

On September 2, 2013, the Company obtained four licenses to explore a combined 380 square kilometers of property in Guinea. The property was renewed on August 29, 2016 for two years and per legislation, the surface area was reduced by 51% from 380 square kilometers to 187 square kilometers. The Company has agreed to complete an exploration program of GNF 9,361,376,000 (approximately \$1,372,775 as at September 30, 2016) by August 29, 2018. The Lola Graphite Property is 100% owned by the Company and is located in eastern Guinea.

#### Worofla Property

On November 7, 2012, the Company obtained Permit No. 301 ("PR301") which initially covered 400 square kilometres of property in Côte d'Ivoire. On October 13, 2015, the Company renewed certain terms of PR301 and has agreed to complete an exploration program of F CFA 390,590,000 (\$877,488 as at September 30, 2016) by October 13, 2018. Upon renewal, the Worofla Property was reduced to 300 square kilometers. The Worofla Property is 100% owned by the Company and is located 130 kilometres northeast of the Samapleu Property.

# SAMA RESOURCES INC. / RESSOURCES SAMA INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

(Unaudited - in Canadian dollars)

### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

#### Zérégouiné Property

On December 19, 2012, the Company obtained Permit No. 300 ("PR300") which initially covered 394 square kilometres of property in Côte d'Ivoire. On October 13, 2015, the Company renewed certain terms of PR300 and has agreed to complete an exploration program of F CFA 614,000,000 (\$1,379,394 as at September 30, 2016) by October 13, 2018. Upon renewal, the Zérégouiné Property was reduced to 290 square kilometers. The Zérégouiné Property is 100% owned by the Company and is adjacent to the Samapleu Property.

#### Grata Property

On December 9, 2015, the Company obtained Permit No. 604 ("PR604") which covers 80 square kilometres of property in Côte d'Ivoire. In accordance with PR604, the Company must incur expenditure commitments of F CFA 663,000,000 (approximately \$1,489,476 as at September 30, 2016) before December 9, 2019. The Grata Property is 100% owned by the Company and is located adjacent to the north-eastern boundary of the Samapleu Property.

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

	December 31, 2015	Reallocation	Activity	September 30, 2016
	\$	\$	\$	\$
<b>Samapleu property</b>				
Property acquisition costs and option payments	4,432,484	-	-	4,432,484
Assaying	111,925	-	-	111,925
Geology and prospecting	2,251,827	-	104,160	2,355,987
Geophysics	1,044,062	-	9,352	1,053,414
Geochemistry	511,016	-	236	511,252
Drilling	4,693,619	-	19,752	4,713,371
Metallurgical tests	144,156	-	-	144,156
Camp operations, field supplies and expenses	4,452,722	-	174,730	4,627,452
	17,641,811	-	308,230	17,950,041
<b>Lola property</b>				
Geology and prospecting	268,936	30,279	-	299,215
Drilling	90,859	-	-	90,859
Camp operations, field supplies and expenses	599,427	(30,279)	-	569,148
Impairment charge	(959,222)	-	-	(959,222)
	-	-	-	-
<b>Lola Graphite property</b>				
Geology and prospecting	55,197	2,270	46,478	103,945
Geophysics	16	-	-	16
Geochemistry	12,140	-	-	12,140
Drilling	24,439	-	220	24,659
Metallurgical tests	5,345	-	7,829	13,174
Camp operations, field supplies and expenses	317,707	(2,270)	90,127	405,564
	414,844	-	144,654	559,498
<b>Worofla property</b>				
Geology and prospecting	1,364	-	-	1,364
Geophysics	5,912	-	-	5,912
Camp operations, field supplies, and expenses	3,399	-	192	3,591
	10,675	-	192	10,867

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## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

	December 31, 2015	Reallocation	Activity	September 30, 2016
	\$	\$	\$	\$
<b>Zéréguiné property</b>				
Geology and prospecting	205,476	31,170	48,217	284,863
Geophysics	121,792	-	-	121,792
Geochemistry	8,674	-	-	8,674
Drilling	258,194	-	28,413	286,607
Metallurgical tests	3,576	-	-	3,576
Camp operations, field supplies and expenses	372,704	(31,170)	120,233	461,767
	<u>970,416</u>	<u>-</u>	<u>196,863</u>	<u>1,167,279</u>
<b>Grata property</b>				
Geology and prospecting	-	-	22,304	22,304
Drilling	-	-	27,214	27,214
Camp operations, field supplies, and expenses	-	-	32,364	32,364
	<u>-</u>	<u>-</u>	<u>81,882</u>	<u>81,882</u>
<b>Total exploration and evaluation assets</b>	<u>19,037,746</u>	<u>-</u>	<u>731,821</u>	<u>19,769,567</u>

### NOTE 7. 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 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 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.

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## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited - in Canadian dollars)

### NOTE 7. SHARE CAPITAL (Continued)

#### 2016

On May 24, 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 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 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.

#### Warrants

The following table shows the changes in warrants:

	September 30, 2016		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	6,729,000	0.15	15,527,940	0.26
Expired	<u>(3,476,494)</u>	0.20	<u>(5,105,539)</u>	0.47
Outstanding and exercisable, end of period	<u><u>22,256,940</u></u>	0.23	<u><u>19,004,434</u></u>	0.25

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## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 7. SHARE CAPITAL (Continued)

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

Expiration date	September 30, 2016		December 31, 2015	
	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	0.28	5,815,592
February 5, 2017 (b)	0.28	182,109	0.28	182,109
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	-	-
		<u>22,256,940</u>		<u>19,004,434</u>

(a) A total of 5,811,092 warrants were extended until June 19, 2018 (Note 13).

(b) A total of 180,909 warrants were extended until August 5, 2018 (Note 13).

### NOTE 8. STOCK OPTIONS

The Company has adopted 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:

	September 30, 2016		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	<u>(650,000)</u>	<u>0.40</u>	<u>(1,700,000)</u>	<u>0.36</u>
Outstanding, end of period	<u>9,085,000</u>	<u>0.27</u>	<u>9,285,000</u>	<u>0.26</u>
Exercisable, end of period	<u>8,110,000</u>	<u>0.26</u>	<u>7,935,000</u>	<u>0.24</u>



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## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 8. STOCK OPTIONS (Continued)

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

		September 30, 2016	December 31, 2015
Expiry date	Exercise price	Number outstanding	Number exercisable
	\$		
May 5, 2016	0.47	-	-
August 25, 2016	0.35	-	-
January 29, 2017	0.38	225,000	225,000
February 12, 2017	0.35	400,000	400,000
June 6, 2017	0.32	1,400,000	1,400,000
October 14, 2017	0.33	1,000,000	1,000,000
January 22, 2018	0.22	85,000	85,000
June 3, 2018	0.22	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000
January 21, 2019	0.23	1,175,000	1,175,000
October 15, 2019	0.28	300,000	300,000
June 29, 2021	0.15	400,000	100,000
August 31, 2021	0.12	50,000	12,500
April 21, 2025	0.19	2,350,000	1,762,500
May 27, 2025	0.18	200,000	150,000
		<u>9,085,000</u>	<u>8,110,000</u>
		<u>9,285,000</u>	<u>7,935,000</u>

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

	September 30, 2016	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 %	111.8 %
Risk-free average interest rate	0.56 %	0.75 %
Expected average life	5 years	9.47 years
Weighted fair value per share option	0.07 \$	0.14 \$

An expense for share-based compensation of \$120,336 was recognized during the nine months ended September 30, 2016 (\$253,826 during the nine months ended September 30, 2015).

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### NOTE 9. ADDITIONAL CASH FLOW INFORMATION

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

	September 30, 2016 (9 months)	September 30, 2015 (9 months)
	\$	\$
Exploration and evaluation assets included in accounts payable and accrued liabilities	345,379	200,060
Depreciation included in Exploration and evaluation assets	94,137	83,543
Finders warrants included in share issuance costs	13,624	141

### NOTE 10. RELATED PARTIES

Related parties include the Corporation's joint key management personnel. Unless otherwise stated, balances are usually settled in cash.

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

#### Transactions with key management personnel:

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

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

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

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

#### Transactions with other related parties

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

#### Termination and Change of Control Provisions

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

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## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 2016 and 2015

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### NOTE 11. COMMITMENTS

The Company has an operating lease commitment, that was amended on September 22, 2016, for office premises in Vancouver, British Columbia, Canada, requiring basic annual rent payments from January 1, 2016 – July 31, 2018 of \$15,000, and other commitments of \$40,000 by December 31, 2016.

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

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

	\$
2016	45,772
2017	15,000
2018	8,750
	69,522

### NOTE 12. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at September 30, 2016 and December 31, 2015, the Company's non-current assets are located in the two geographic areas as set out below:

	September 30, 2016		
	Canada	Côte D'ivoire and Guinea	Total
	\$	\$	\$
Property and equipment	-	327,961	327,961
Exploration and evaluation assets	-	19,769,567	19,769,567
	-	20,097,528	20,097,528

  

	December 31, 2015		
	Canada	Côte D'ivoire and Guinea	Total
	\$	\$	\$
Property and equipment	-	644,904	644,904
Exploration and evaluation assets	-	19,037,746	19,037,746
	-	19,682,650	19,682,650

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### NOTE 13. SUBSEQUENTS EVENTS

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

On November 4, 2016, the Company announced that in connection with the proposed reverse takeover of Section Rouge Media Inc. ("SRM") by the Company, SRM has closed a non-brokered private placement of 17,550,000 subscription receipts at a price of \$0.10 per subscription receipt for gross proceeds of \$1,755,000. Each subscription receipt will automatically convert upon completion of the transaction into one common share of the new SRM. The subscription receipts and any shares issued upon their conversion are subject to a hold period of four months and one day. In connection with this private placement, SRM has agreed to pay to certain intermediaries an aggregate cash commission of \$19,800 and to issue them a total of 198,000 broker warrants. Each such broker warrant entitles its holder to subscribe for one share at a price of \$0.15 for a period of 12 months. The proceeds of the offering, together with the cash commission and broker warrants, will be held in trust until the completion of the transaction.