SAMA RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

AS OF JULY 26, 2017

TSX-V: SME

INDEX

SCOPE OF MD&A AND NOTICE TO INVESTORS

This management's discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of July 26, 2017, and complements the unaudited interim condensed consolidated financial statements of Sama Resources Inc. (the "Company") for the second quarter ended June 30, 2017 which are compared to the second quarter ended June 30, 2016.

These unaudited interim condensed consolidated financial statements include the parent company Sama Resources Inc. ("Sama"), its wholly owned subsidiaries Sama Nickel Corporation ("Sama Nickel") and Sama Nickel Côte d'Ivoire SARL ("Sama CI") subsequently referred as the Sama Group, as well as SRG Graphite Inc. ("SRG"), and Sama Resources Guinee SARL ("Sama Guinee") owned at 48.46%, subsequently referred as the SRG Group. SRG is a public company and its common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SRG.V".

The interim condensed consolidated financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Company. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2016. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

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

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

The unaudited interim condensed consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on July 26, 2017. These documents and more information about the Company are available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

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

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

COMPANY OVERVIEW

Sama Resources Inc. is a Canadian-based mineral exploration and development business with activities in Africa. The Company was on May 13, 2013 under the Canada Business Corporations Act. The Company's common shares are listed on the TSX-V under the trading symbol "SME.V". The Company's head office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8.

HIGHLIGHTS

- On June 8, 2017, Sama announced the signature of a Technology License Agreement with CVMR Corporation ("CVMR"), a Canadian-based corporation. Under the terms of the agreement, CVMR grants Sama the use of its technology to refine the mineralized material from the Samapleu property in Ivory Coast, West Africa, to produce nickel and iron powders.

OVERALL PERFORMANCE

During the six-month period ended June 30, 2017, Sama Group maintained its priorities on the Samapleu and Grata properties located in Côte d'Ivoire. On June 9, 2017, before the expiry of the Samapleu PR123 exploration license extension, Sama Nickel and SODEMI filed a request for a Mining Permit (Permis d'Exploitation (PE)) for an area of 160 km2 within the Samapleu exploration license (Figure 2) and also filed a request for an Exploration Permit (Permis de Recherche (PR)) for the remaining area of the Samapleu PR123, located west of the PE.

During the six-month period ended June 30, 2017, SRG Group started a 4,800 meters drilling program at the Lola Graphite property while initiating an Environmental Baseline Study and continuing detailed metallurgical investigations with Activation Laboratories Ltd. ("Actlab"), a Canadian-based corporation and ProGraphite GmbH ("PG") and Dorfner ANZAPLAN Co. ("Doftner"), both Germany-based laboratories corporations. SRG Group priority is to complete a Preliminary Economic Assessment (PEA) in Q4 of 2017. A total of 3,603 meters of drilling were completed by July 15, 2017 at the property.

MINERAL PROPERTY PORTFOLIO

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

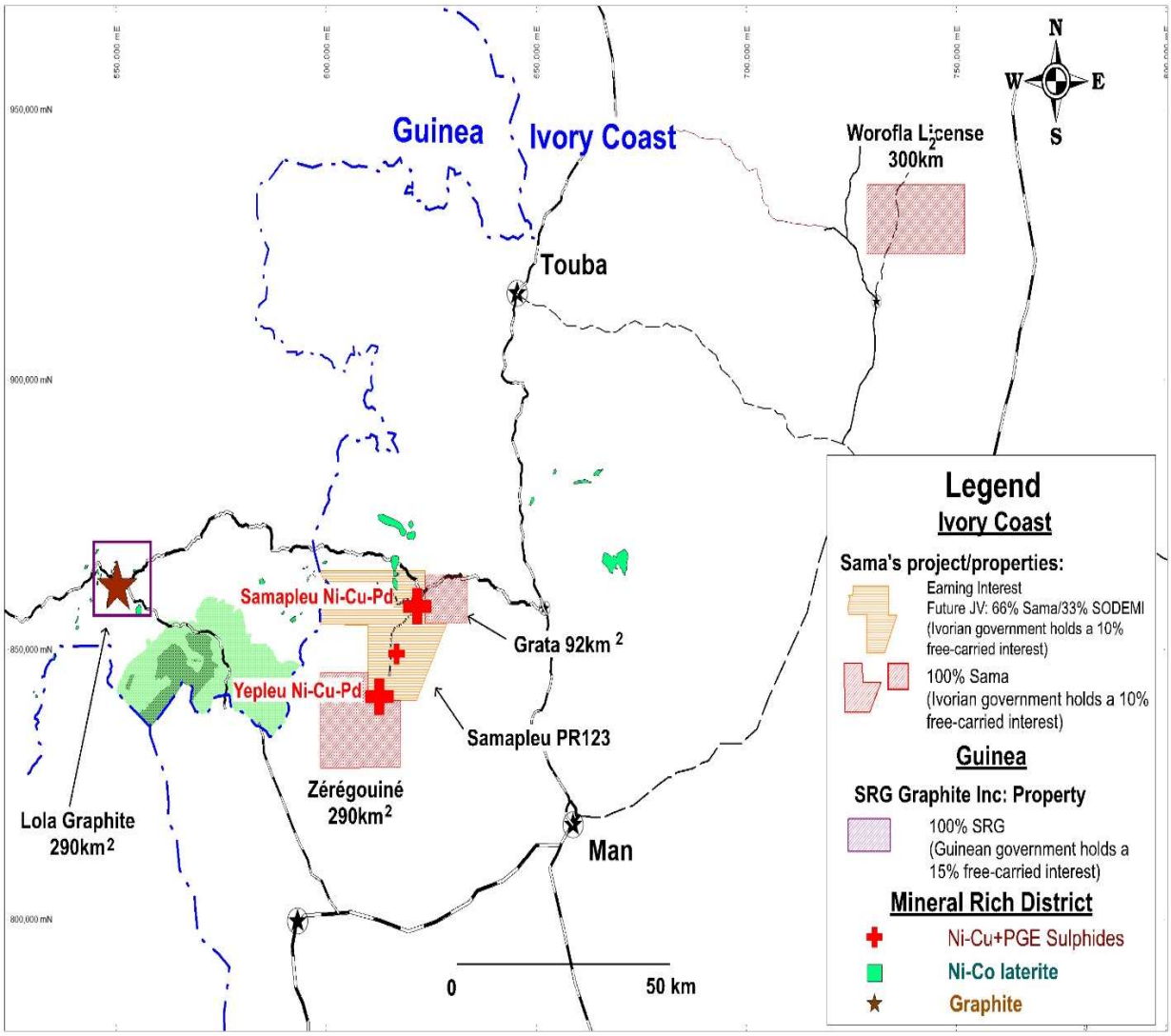


Figure 1: Exploration permits in the Ivory Coast and in Guinea

SAMA GROUP MINERAL PROPERTIES

Samapleu Property (PR123)

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

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 exploration license extension expired, Sama Nickel and SODEMI filed a request for a Mining Permit (Permis d'Exploitation (PE)) for an area of 160 km2 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.

While the authorities are studying the requests, Sama Nickel is allowed to perform exploration and evaluation work on the Samapleu PR123 license. As of today, there is no indication that the 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 Permits.

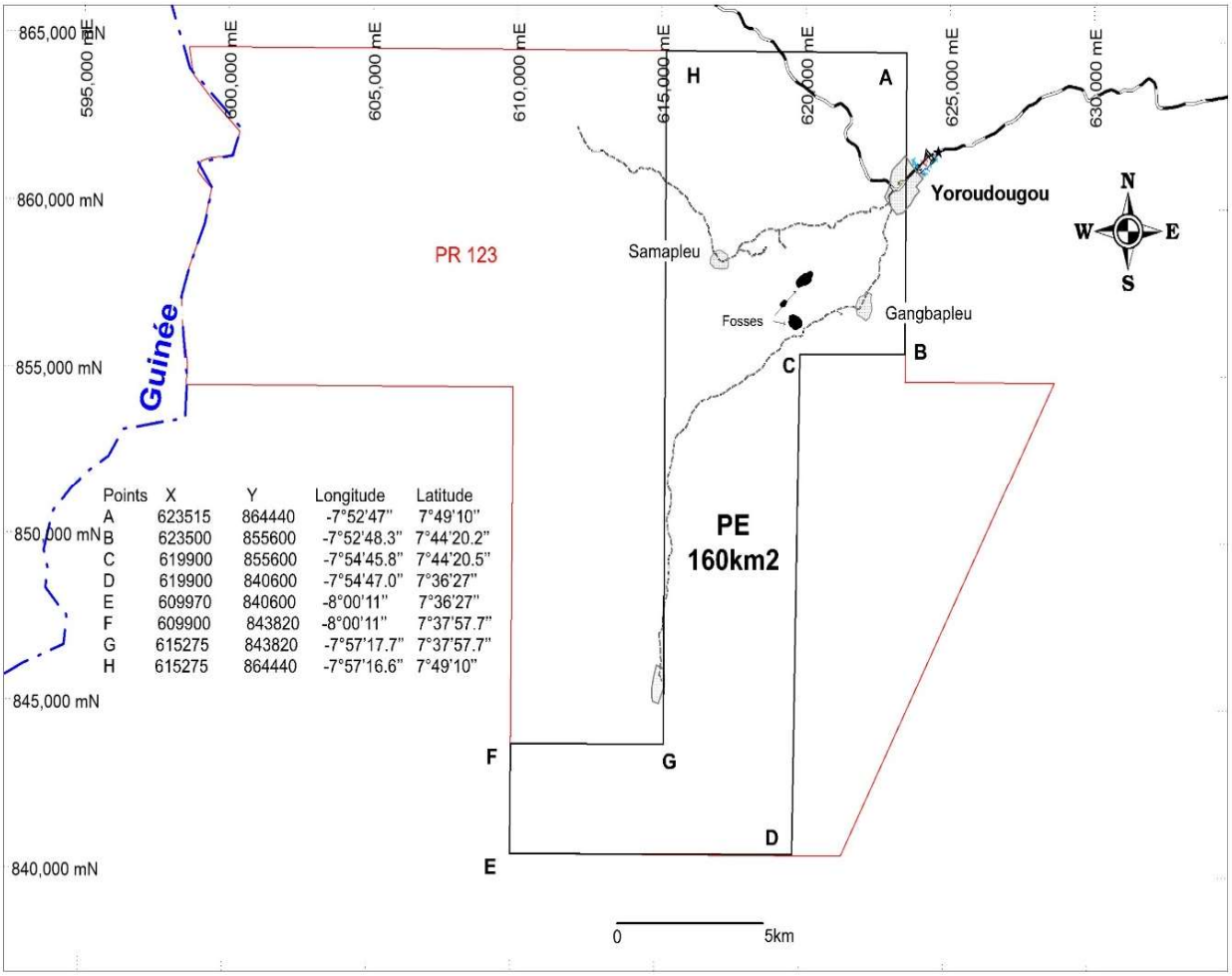
Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately $1,888,071 as at June 30, 2017) 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 $18,815,176 as at June 30, 2017.

The ownership of the EE shall be allocated as follows:

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

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

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



Points	X	Y	Longitude	Latitude
A	623515	864440	-7°52'47"	7°49'10"
B	623500	855600	-7°52'48.3"	7°44'20.2"
C	619900	855600	-7°54'45.8"	7°44'20.5"
D	619900	840600	-7°54'47.0"	7°36'27"
E	609970	840600	-8°00'11"	7°36'27"
F	609900	843820	-8°00'11"	7°37'57.7"
G	615275	843820	-7°57'17.7"	7°37'57.7"
H	615275	864440	-7°57'16.6"	7°49'10"

Figure 2: Sama Nickel & Sodemi applied on June 9, 2017 for a 160 km2 Mining Permit within the Samapleu PR123. The area west of the proposed PE is subject to a new application for an Exploration Permit (PR).

On June 8, 2017, Sama signed a Technology License Agreement ("License") with CVMR whereby CVMR authorizes Sama to use CVMR's patents and technology to operate nickel and iron powder manufacturing plants in the Ivory Coast (the "Plants"), to be built, commissioned and delivered on a turn-key basis by CVMR, following a positive feasibility study. The Plants will be dedicated to the production of metal powders used in a variety of products and manufacturing processes, including: 3D printing (additive manufacturing), aerospace and automotive parts manufacturing, medical instruments, computer and electronic parts, super alloys, sophisticated net shapes for use in the defense and space industries, metal injection molding (MIM), anti-seize lubricants, chemicals and catalysts, etc.

In consideration of the License, Sama has agreed to pay $5,000,000 to CVMR either in cash or through the issuance of an equivalent value of common shares of Sama within 90 days of the granting of the mining license, subject to the TSX-V approval. Share price will be based on the average closing price of those shares on the TSX-V Exchange for each day during the three months of trading prior to issuance. In addition, CVMR will receive a royalty equal to 15% of the sale price of metal powders produced by the Plants in excess of the London Metal Exchange price of the elements contained in such powders.

Sama and CVMR will negotiate a project construction agreement with respect to the Plants.

Sama has also retained CVMR to perform a detailed technical study to confirm the commercial viability of producing nickel and iron powders from nickel-iron concentrate obtained from the flotation of the mineralized material of the Samapleu deposits. Sama applied on June 9, 2017 to the Department of Mines in Ivory Coast to transform the current Samapleu *Permis de Recherche* No 123 ("PR123") into a mining permit.

Sama Group will continue with is exploration efforts aiming at delineate massive sulphide reservoirs that could be the source of high grade nickel ("Ni") – copper ("Cu") - palladium ("Pb") lenses intercepted in shallower boreholes at the Samapleu deposits. The **Table 1** has select highlights of high-grade drill results at the Samapleu and Yepleu.

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

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

Samapleu Nickel-Copper Type Mineralization

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

The Samapleu and Yepleu deposits mineralization and geological characteristics are typical of a layered Pipe like Intrusion or conduit-hosted nickel deposits **(Table 3 and 4)**. These rare types of intrusions host the world's largest nickel-copper deposits such as: Jinchuan (515 million tonnes ("Mt") at 1.06% nickel), Voisey Bay (137Mt at 1.68% nickel), Kabanga (52Mt at 2.65% nickel), Eagle (4.5Mt at 3.33% nickel), Eagle Nest (20Mt at 1.68% nickel), Kalatongke (24Mt at 0.68% nickel), and N'komati (2.8Mt at 2.08% nickel).

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

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

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

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

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

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

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

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

Table 2: Drilling programs from July 2010 to June 30, 2017

Area	**Contractor drilling**		**Sama Drilling**		**Total lengths (m)**
	Borehole	m	Borehole	M	
Main Deposit	71	10,630	5	1,590	12,220
Samapleu Extension 1	44	7,044	20	4,513	11,557
Yepleu			24	4,868	4,868
Sipilou Sud Laterite	80	2,688			2,688
Yorodougou	4	735	2	291	1,026
Bounta North chromite			6	659	659
Santa			5	952	952

Area	Contractor drilling		Sama Drilling		Total lengths (m)
Grata			2	767	767
Regional	12	1,698			1,698
Total 2010-2015	**211**	**22,795**	**64**	**12,814**	**36,435**

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

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

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

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

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

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

Down hole electromagnetic surveys ("DHTEM") on the SM34-564718 at the Samapleu Main deposit and the recently drilled 342 m long GR72-787708 at the Grata property were completed on December 19, 2016 by Abitibi Geophysics of Val D'Or, Canada. Sama Group exploration objective is to delineate massive sulphide reservoirs that could be the source of high grade nickel, copper, palladium lenses intercepted in shallower drill holes at the Samapleu deposits. The DHTEM at SM34-564718 suggests the presence of two high intensity conductors. The DHTEM at GR72-787708 suggests the presence of a high intensity off-hole conductor just below the drill hole.

Samapleu Extension 1 Deposit

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

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

Yepleu Occurrence

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

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

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

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

Hole YE40-438348 (614 m deep) drilled in November 2015 (**Figures 5 & 6**), aimed at testing the geophysical anomaly interpreted from the 2013 HTEM. As expected, the borehole intercepted a sub-horizontal sequence of 366 m thick of alternating diorite/anorthosite and mafic units, part of the Yacouba layered complex, intruding the Archean gneissic host rock and named the Upper Sequence.

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

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

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

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

Mineral Resource

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

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

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

During the six-month period ended June 30, 2017, an amount of $841,915 was capitalized on the Samapleu Property, resulting in total deferred exploration and evaluation expenditures of $18,815,176.

Estimated expenditures:

The current estimate for expenditures on the Samapleu Property (both corporate and capitalized expenditures) for the next year is approximately $860,000. The expenditure estimate is contingent upon obtaining additional financing. The proceed will be used for additional geophysical surveys, deep drilling and preparation for a technical report.

Worofla Property (PR 301)

On November 7, 2012, Sama CI obtained Permit No. 301 ("PR301") which initially covered 400 square kilometers of property in Côte d'Ivoire.

On October 13, 2015, Sama CI applied for the renewal of Permit No. 301. Upon renewal, the Worofla Property will be reduced to 300 square kilometers. Sama CI expects to complete an exploration program of F CFA 390,590,000 ($883,188 as at June 30, 2017) by October 13, 2018. As of today, there is no indication that the Permit will not be renewed. However, a whole or partial impairment of the value of the Worofla Property will be required should Sama CI not reach an agreement to renew the Permit.

The Worofla Property is 100% owned by Sama CI and is located 130 kilometers' northeast of the Samapleu Property.

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

During the six-month period ended June 30, 2017, an amount of $762 was capitalized on the Worofla Property, resulting in total deferred exploration and evaluation expenditures of $11,629.

Estimated expenditures:

The current estimate for expenditures on the Worofla Property (both corporate and capitalized expenditures) for the next year is approximately $20,000. The Worofla Property is on hold until receiving the final renewal document.

Zérégouiné Property (PR 300)

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

On October 13, 2015, Sama CI applied for the renewal of Permit No. 300. Upon renewal, the Zérégouiné Property will be reduced to 290 square kilometers. Sama CI expects to complete an exploration program of F CFA 614,000,000 ($1,388,355 as at June 30, 2017) by October 13, 2018. As of today, there is no indication that the Permit will not be renewed. However, a whole or partial impairment of the value of the Zérégouiné Property will be required should Sama CI not reach an agreement to renew the Permit.

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

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

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

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

During the six-month period ended June 30, 2017, an amount of $39,072 was capitalized at the Zérégouiné Property, resulting in total deferred exploration and evaluation expenditures of $1,200,943.

Estimated expenditures:

The current estimate for expenditures on the Zérégouiné Property (both corporate and capitalized expenditures) for the next year is approximately $480,000. The expenditure estimate is contingent upon obtaining additional financing. The proceed will be used for additional geophysical surveys, deep drilling and preparation for a technical report.

Grata property (PR 604)

On December 9, 2015, Sama CI obtained Permit No. 604 ("PR604") which covers 80 square kilometers of property in Côte d'Ivoire. In accordance with PR604, Sama CI must incur expenditure commitments of F CFA 663,000,000 (approximately $1,499,152 as at June 30, 2017) before December 9, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

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

During the six-month period ended June 30, 2017, an amount of $39,404 was capitalized at the Grata Property, resulting in total deferred exploration and evaluation expenditures of $134,367.

Estimated expenditures:

The current estimate for expenditures on the Grata Property (both corporate and capitalized expenditures) for the next year is approximately $170,000. The expenditure estimate is contingent upon obtaining additional financing. The proceed will be used for additional geophysical surveys and additional drilling.

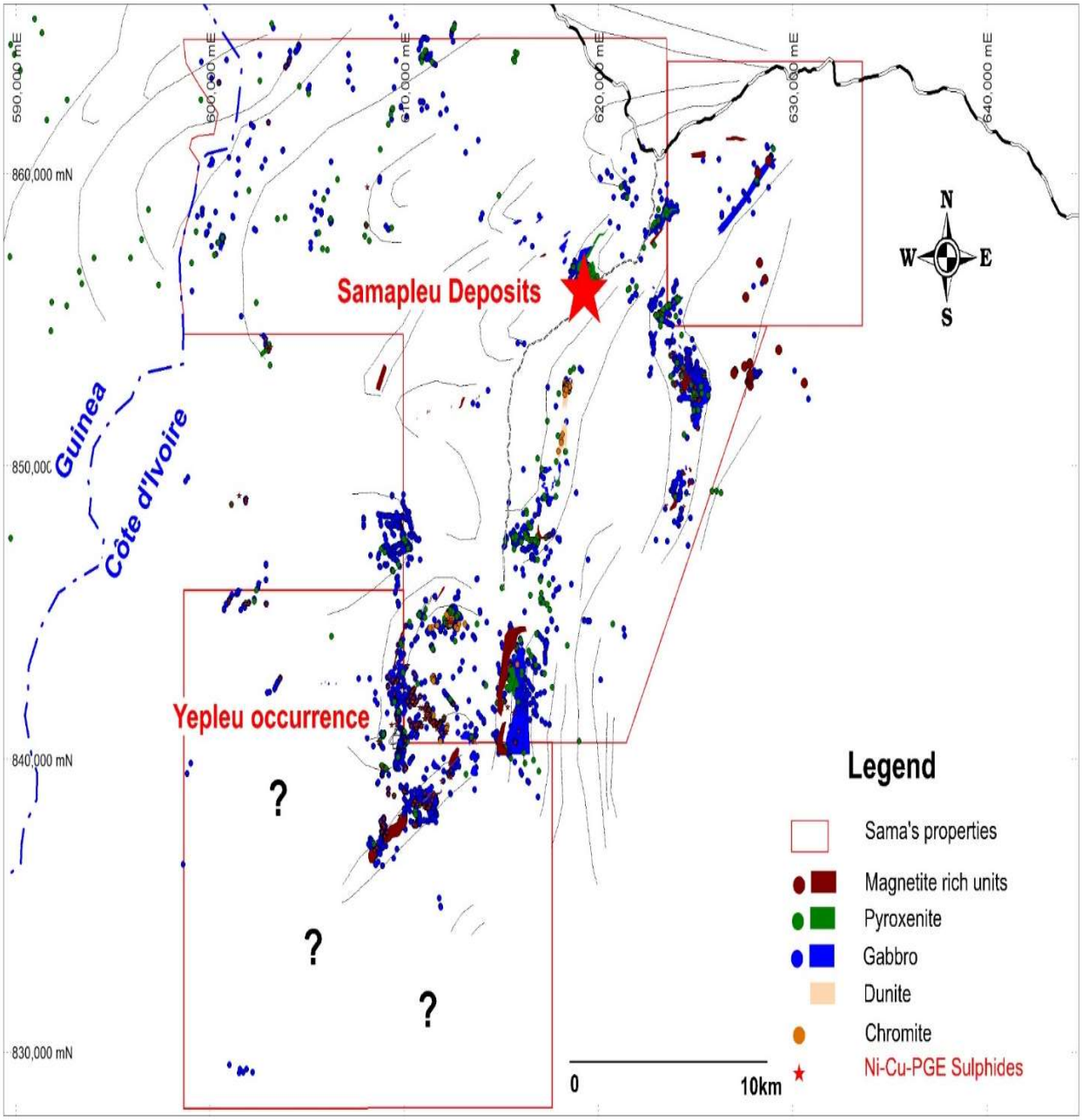


Figure 3: Samapleu, Zérégouiné and Grata Exploration Permits showing prospective sectors together with the geology related to the Yacouba UM layered complex.

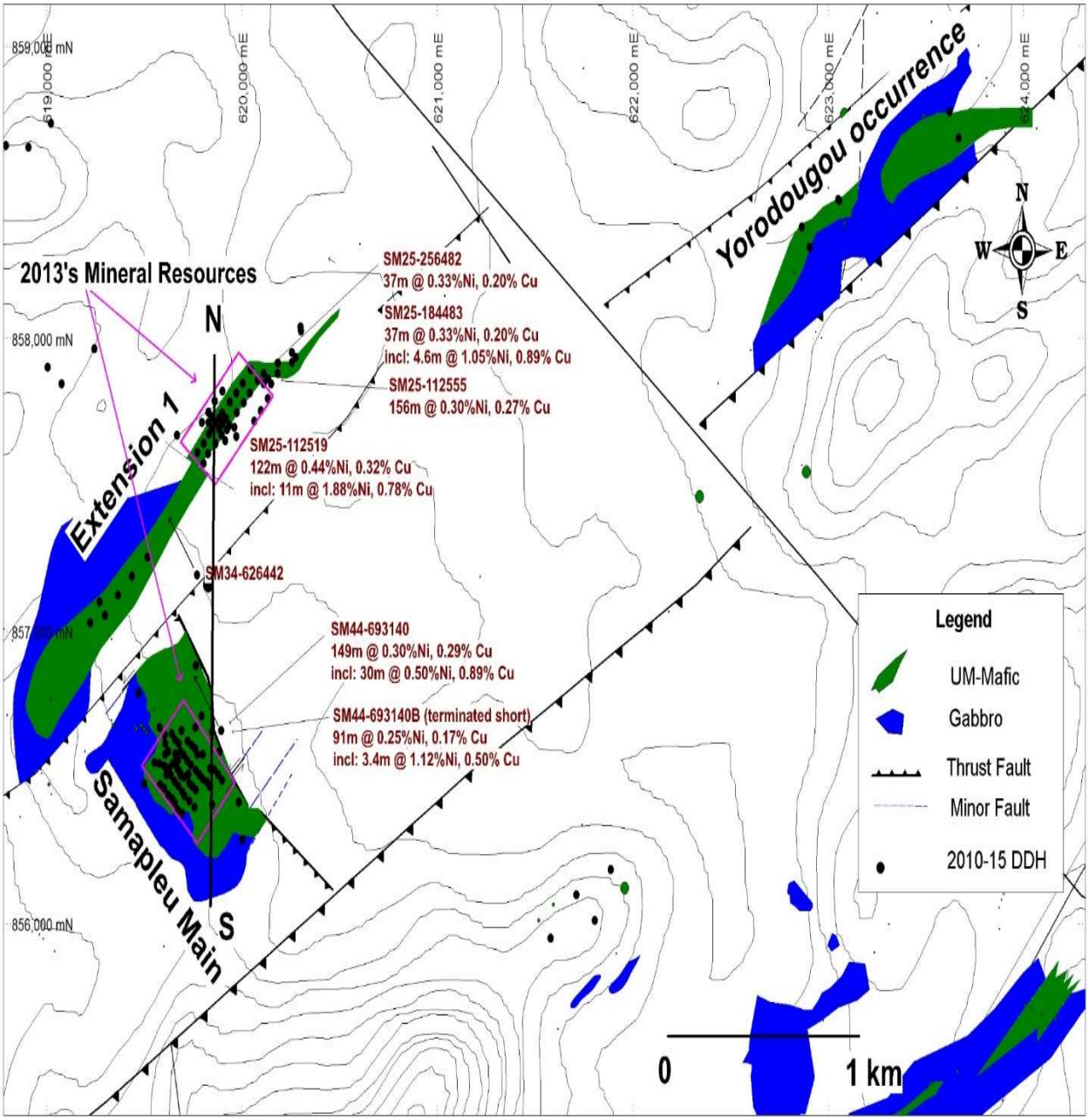


Figure 4: Samapleu Main and Extension 1 deposits together with Yorodougou occurrence.

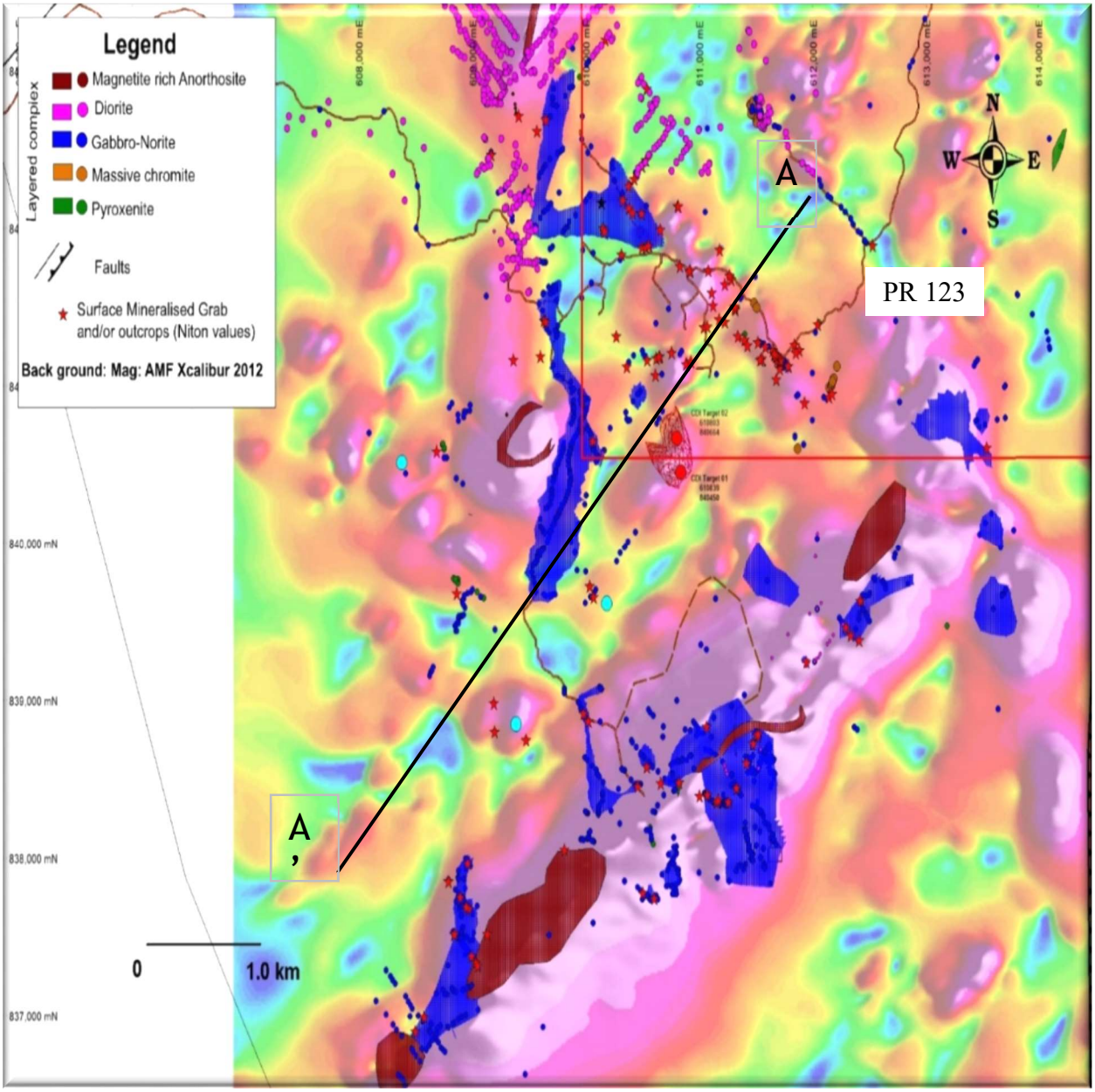


Figure 5: Surface geology and deep target at Yepleu/Zérégouiné (PR 123 - PR 300), cross-section A-A' shown at figure 6.

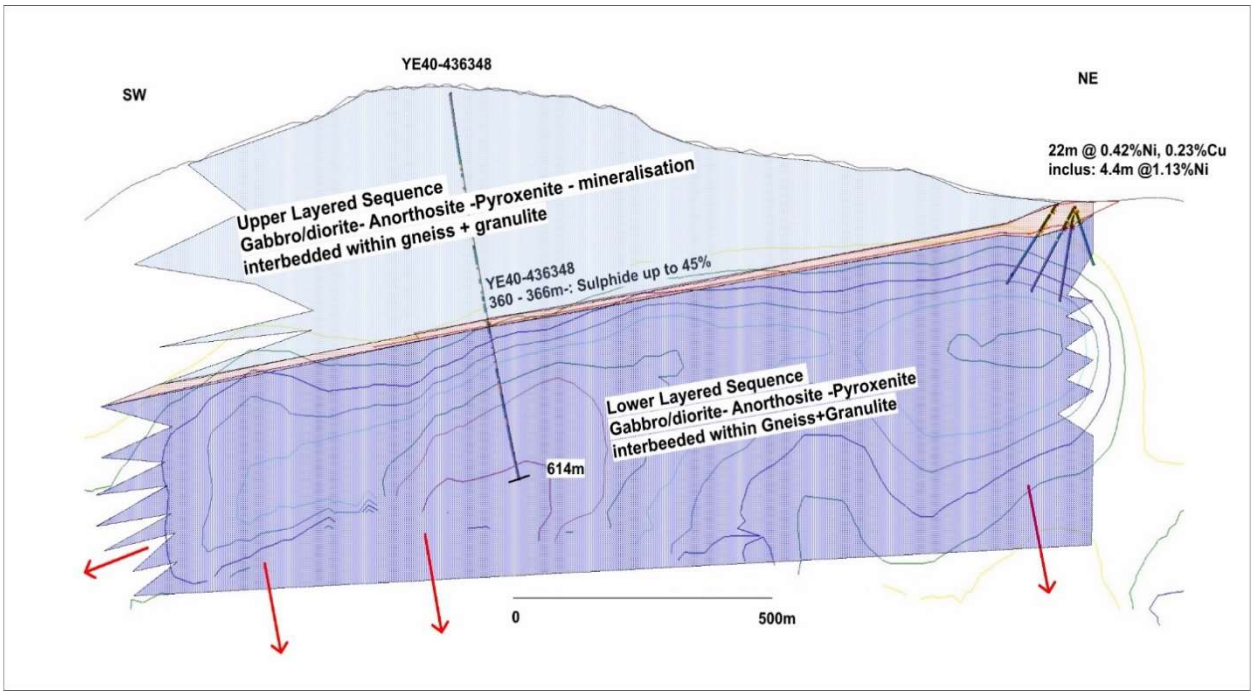


Figure 6: Cross-section at Yepleu showing hole YE40-436348 terminated short of the target for a technical reason. A mineralised horizon of 6.65 m grading 0.30% nickel and 0.26% copper, including 0.55 m at 0.90% nickel and 0.80% copper was intercepted at the interface between two-layer assemblages.

Sipilou South Nickel-Cobalt Laterite Mineralization

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

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

SRG GROUP MINERAL PROPERTY

Lola Graphite Property (Permit de Recherche, PR 4543)

On September 2, 2013, Sama Guinee obtained four licenses to explore a combined 380 square kilometers of property in eastern Guinea. The licenses were renewed on August 29, 2016 for two years and as per legislation, the surface area was reduced by 51% from 380 square kilometers to 187 square kilometers. This reduction of surface area did not require an impairment of capitalized E&E assets since Sama Guinee did not give up area where exploration and evaluation expenditures has previously been done. Sama Guinee has agreed to complete an exploration program of GNF 9,361,376,000 (approximately $1,357,835 as at June 30, 2017) by August 29, 2018. As of June 30, 2017, Sama Guinee has incurred a total of $1,284,278 in exploration and evaluation expenditures on the property.

The Lola Graphite Project is 100% owned by Sama Guinee and is located near the town of Lola in eastern Guinea, 1,000 km from Conakry, the capital of the Republic of Guinea. The occurrence is within 50 km from the border with Guinea and located 3.5km west of the town of Lola **(Figure 7)**. An Exploration license gives the applicant the right to explore for minerals a certain time period as prescribed by the Mining law and regulation.

The property, located within the department of Lola, was initially formed by 4 exploration licenses, (Permit de Recherche) globally named Permit de Recherche 4543, shaping a rectangular form of 27.9 km by 13.7 km in size for a cumulative total of 380km2. The property is centered on UTM WGS 84 zone 29N latitude 7° 48' 00'' (UTM 863,000 N) and longitude 8° 32' 00' (UTM 551,000E). The area includes the communities of Lola and several smaller villages.

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

There are no environmental liabilities associated with the licenses and there are no surface right agreements in place or being negotiated.

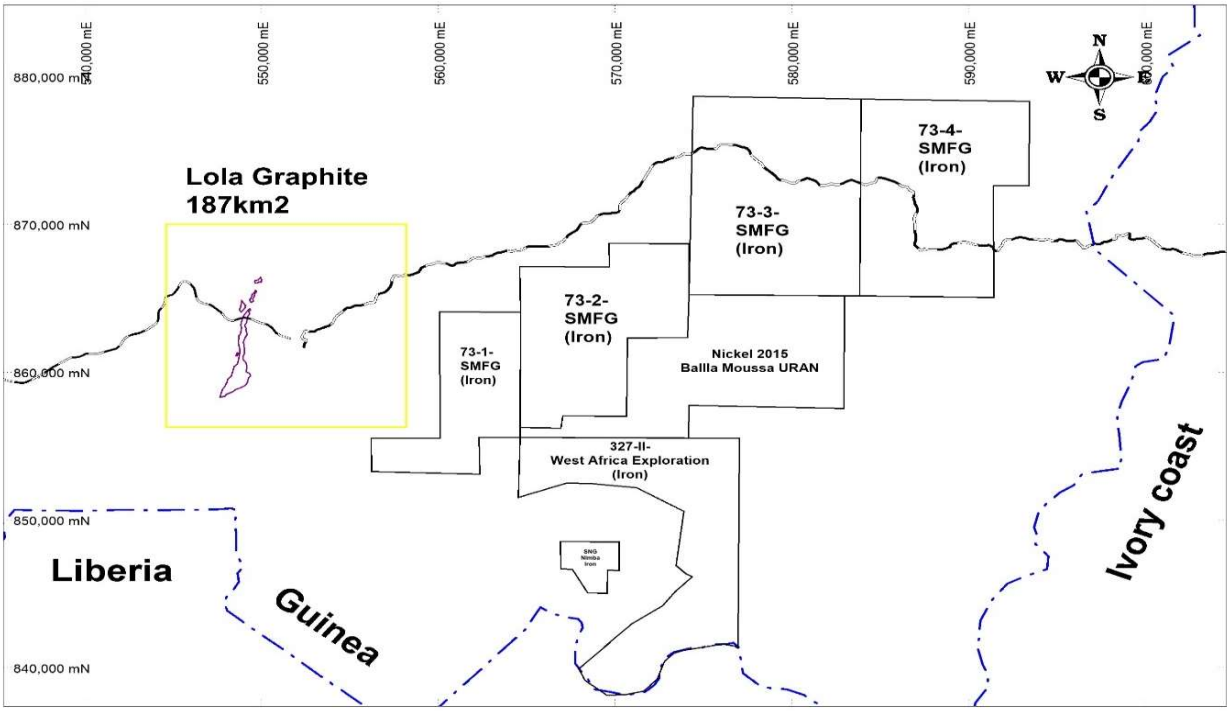


Figure 7: Exploration permits in Guinea

Exploration Update

The Lola Graphite deposit is 8.7 kilometers long with an average width of 370 meters, and up to 1,000 meters wide **(Figure 8)**. The first 20 meters or so of the deposit is well weathered (lateralized), allows freeing graphite flakes from the silicate gangue and allowing for an easy grinding with optimal recovery of all large and jumbo flakes. The graphite mineralization continues at depth within the non-weathered sheared gneiss.

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

A 5,000 meters drilling program is ongoing. The drilling program started on March 7, 2017 with 3,603 meters completed by July 15, 2017. The **Table 4** is showing drilling results as of July 15, 2017. The current drilling is aiming at testing the weathered portion of the deposit from surface to approximately 20m deep with a few meters drilled within the fresh rock. The thickness of the weathering profile is variable and extend down to 50m in many locations. It is expected that the 2017 drilling program will cover approximately 16% of the entire surface area of the deposit (**Figure 8 – see p.21**).

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

The oxide material returned global recoveries of 94-96% of graphite flakes producing a graphite concentrate with 89% of large, jumbo and super-jumbo size flakes (**Table 5, Figure 10**). Super-jumbo flake size accounts for 29% of the concentrate with purities of 96% and 97% Cg following a weak acid wash.

Laboratory work and analysis conducted by PG on the Lola Graphite concentrate returned excellent results indicating that graphite from the Lola deposit is suitable for a very wide range of graphite applications, including the important traditional markets like refractories, crucibles, friction products, carbon brushes and sealing. Additionally, the combination of very favorable ash composition, high crystallinity, high oxidation resistance and excellent purification behavior makes the graphite very valuable for demanding new tech applications, including energy applications and particularly with regard to spherical graphite for Lithium Ion Batteries.

PG Main Observations:

- The high proportion of large flakes of the concentrate is remarkable. Only very few flake graphite deposits have such a high flake yield. This is a major advantage for the Lola deposit, as the large flakes trade at significantly higher prices.

- The concentrate was screened to get particle size distribution information with very favorable results: very coarse material, 2/3 of the graphite is large flake (+80 mesh), and 1/3 is "jumbo" flake material (+50 mesh).

- Compared to -100 mesh graphite of the same carbon grade, the market price for +50 mesh material is more than double, which makes the Lola deposit much more valuable.

- Main elemental impurities are Si, Al and Fe, which is typical for flake graphite. Impurities known to cause trouble in various applications, such like S or heavy metals are naturally on very low levels in the Lola graphite concentrate.

- Key advantages of Lola graphite are the favorable ash composition and the comparably low efforts required to attain high carbon grades.

- The graphite is of very high crystallinity, which means that the graphite crystals are almost perfect, making this graphite suitable for highly demanding applications like Lithium Ion batteries or synthetic diamonds.

- Purification tests verified that the graphite could easily be upgraded with standard processes to levels above 99.5%; with most elements, already under the limits for battery application. The purification performed was "mild" compared to the "harsh" purification usually applied for Lithium-Ion battery grade, thereby attesting again to the likelihood that the material will be very suitable for such an application.

- The volatiles are low, oxidation resistance is very high and the specific surface area is in the normal range.

- The graphite from the Lola deposit has a high bulk density (>700 g/l), typical Chinese graphite has bulk densities of 450-550 g/l for +80 mesh.

Table 4: The following table illustrates the details of the mineralized intervals for 27 holes drilled at the Lola Graphite Deposit. Intervals were defined using 1.0% Cg cut-off grades ("cog");
Including: 3% Cg cog.

HOLE-ID	FROM	LENGTH[1]	CG
LL45-085401	3.00	24.10	5.35
Including	*12.20*	*12.80*	*8.32*
LL45-102406	-	11.50	5.29
Including	*1.50*	*4.65*	*9.07*
LL45-121413	-	25.00	6.66
Including	*6.00*	*18.00*	*8.93*
LL45-089460	-	23.50	4.34
LL45-106466	-	36.00	3.23
Including	*25.50*	*10.50*	*10.00*
LL45-125471	-	10.50	9.28
Including	-	*7.50*	*11.29*
LL45-115317	-	16.50	4.55
LL45-133324	2.00	16.10	6.10
Including	*9.00*	*9.10*	*9.12*
LL45-191342	-	22.10	4.50
Including	*19.50*	*0.50*	*22.00*
LL45-208350	-	10.50	4.00
Including	*4.50*	*1.50*	*14.20*
LL45-096311	-	26.00	3.92
LL45-199501	3.00	4.50	2.21
LL45-095516	-	10.50	4.01
Including	*3.00*	*3.00*	*8.27*
LL45-114522	-	32.00	7.98
Including	*9.70*	*20.30*	*12.31*
LL45-170542	-	31.30	5.25
Including	*15.10*	*16.20*	*9.47*
LL45-187550	9.00	19.70	5.68
Including		*6.20*	*9.31*
LL45-193605	-	15.85	3.81
Including		*4.50*	*7.21*
LL45-211611	3.00	12.00	2.33
LL45-117580	1.50	12.40	6.77
Including		*8.90*	*8.42*
LL45-097572	-	6.00	3.64
Including		*3.50*	*4.65*
LL45-077565	-	28.60	6.22
Including		*21.60*	*7.73*
LL45-059559	-	27.20	4.10
LL45-079303	-	33.00	4.02
Including		*4.50*	*14.73*
LL45-060296	-	34.00	3.67
Including		*10.50*	*8.40*
LL45-037287	1.50	10.50	4.72
Including		*3.00*	*11.93*
LL45-001269	16.50	15.00	3.23
LL45-026378	-	27.70	4.41
Including		*14.10*	*6.70*
LL45-043385	-	31.00	4.56
Including		*23.00*	*5.55*
LL45-066393	-	30.75	4.03
Including		*4.50*	*12.70*

HOLE-ID	FROM	LENGTH[1]	CG
LL45-137423	-	2.60	1.55
LL45-159425		-	-
LL45-176433	2.20	19.00	5.35
Including		*14.60*	*6.24*
LL45-196439	3.00	20.00	5.08
Including		*16.10*	*5.95*
LL45-009429	-	30.00	8.14
Including		*19.00*	*11.40*
LL45-028438	-	26.50	5.09
Including		*10.50*	*8.00*
LL45-052446	0.00	34.50	3.16
Including		*4.50*	*10.70*
LL45-070451	0.00	39.00	3.34
Including		*9.00*	*6.20*
LL45-011373	3.00	31.00	5.76
Including		*14.67*	*9.80*
LL45-094198	0.00	33.00	4.30
Including		*9.50*	*9.00*
LL45-112206	0.00	34.50	5.36
Including		*21.75*	*7.60*
LL45-131212	0.00	22.70	4.56
Including		*9.00*	*6.60*
LL45-148219	0.00	15.00	5.33
Including		*9.00*	*7.50*
LL44-768470	23.00	13.00	14.22
Including		4.50	36.97
LL44-782476	3.00	18.00	2.17
Including		1.35	10.50
LL45-033503	0.00	23.60	2.65
LL45-075510	0.00	24.50	5.38
Including		6.50	12.09
LL45-004489	9.00	17.50	4.88
LL45-002536	7.50	24.00	6.82
LL45-174598	1.50	19.50	4.34
LL45-181651	1.50	16.60	5.09
LL45-162645	16.50	13.00	6.25
LL45-105625	12.00	7.50	4.68
LL45-067612	15.00	13.90	4.91
LL45-049605	1.50	22.50	2.56
LL45-011592	3.00	19.00	7.02
Including		7.00	14.46
LL45-030598	3.00	27.00	2.53
LL45-170756	0.00	14.50	5.66
LL47-796005	0.00	27.00	3.65
LL48-015012	0.00	24.30	7.27
LL48-033019	0.00	23.00	3.76
Including		9.00	4.74
Including		2.50	7.64
LL48-052026	4.00	20.00	4.97
LL48-071033	0.00	16.50	3.41

Table 5: Actlab Metallurgical tests results. Subdivision of the jumbo flakes into jumbo and super-jumbo sizes.

Head Grade: 15.6%				
Grinding			**Typical Flotation**	**Acid Wash**
Flake Size	**mm**	**%**	**% Cg**	**% Cg**
+28 Mesh (Super Jumbo)	>0.61	8.0	96.6	99.7
+35 Mesh (Super Jumbo)	>0.50	21.0	95.9	
+48 Mesh (Jumbo)	>0.31	28.0	93.4	
+80 Mesh (Large)	>0.18	32.0	89.3	99.1
-80 Mesh	<0.18	11.0	83.2	Not tested

In 2013, Sama Guinee supported M. Sékou Oumar Sow, a Guinean geological student at the University of Franche Conté, France, with his under graduate study. The study aimed at the mineralogical and petrological characterizations of the mineralization as well as of the host rock. The study was under the supervision of Professor Christian Picard. According to M. Sow, the graphitic mineralization is hosted within a quartzo-feldspath-biotite-sillimanite rich paragneiss with zircon, monazite and rutile as accessory minerals. Graphite mineralization is present as natural flakes of 0.25 to 1 mm in size. Graphite flakes appears to be cogenetic with biotite and sillimanite. Pyrite and minor chacopyrite are also present in the fresh rock but are absent in the weathered material.

The Environmental Baseline Study ("EBS") was launched March 10, 2017. The Ivorian group "SIMPA" has been contracted to complete the EBS and the subsequent Impact Study.

During the six-month period ended June 30, 2017, the Company capitalized $630,923 resulting in total deferred exploration and evaluation expenditures of $1,284,278 at the Lola Graphite Property.

Estimated expenditures

The current estimate for expenditures on the Lola Graphite Property (both corporate and capitalized expenditures) for the next year is approximately $2,200,000. The expenditure estimate is contingent upon obtaining additional financing. The proceeds will be use for the following work:

- To complete the current 5,000m drilling program.
- To continue metallurgical test works to refine the flotation flowsheet
- To complete the Environmental Baseline Study.
- To collect a 1,000kg representative bulk sample for further analysis and to provide concentrate samples to potential clients

The current drilling program consists of a minimum of 175 boreholes for approximately 5,000m on a 50m x 20m and 100m x 20m grid spacing to characterize the oxide zone from 0 to 20m deep. The aim of the drilling program will be to establish mineral resources (Indicated and/or Measured category) over a surface area representing 16% of the global surface expression of the graphite rich paragneiss.

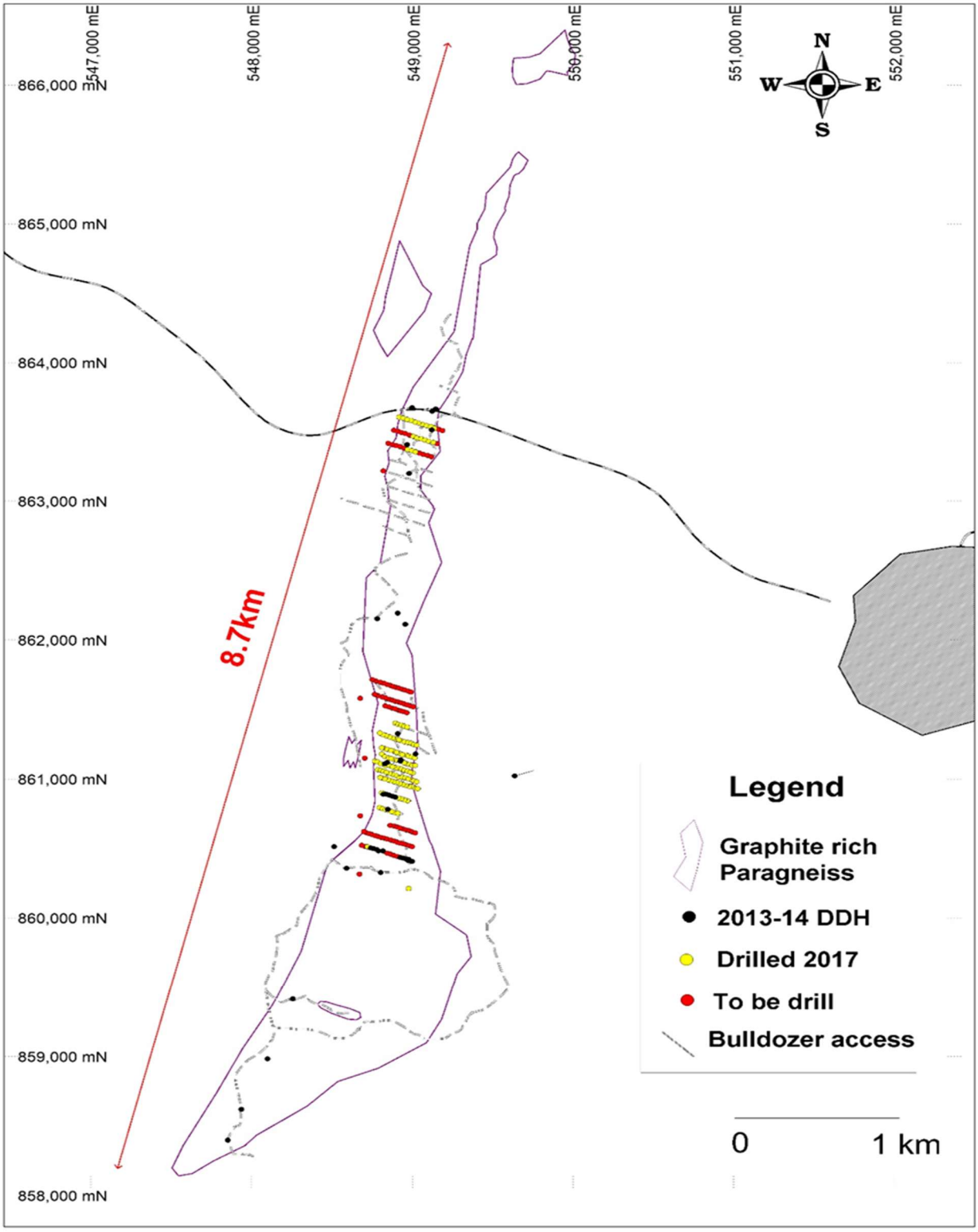
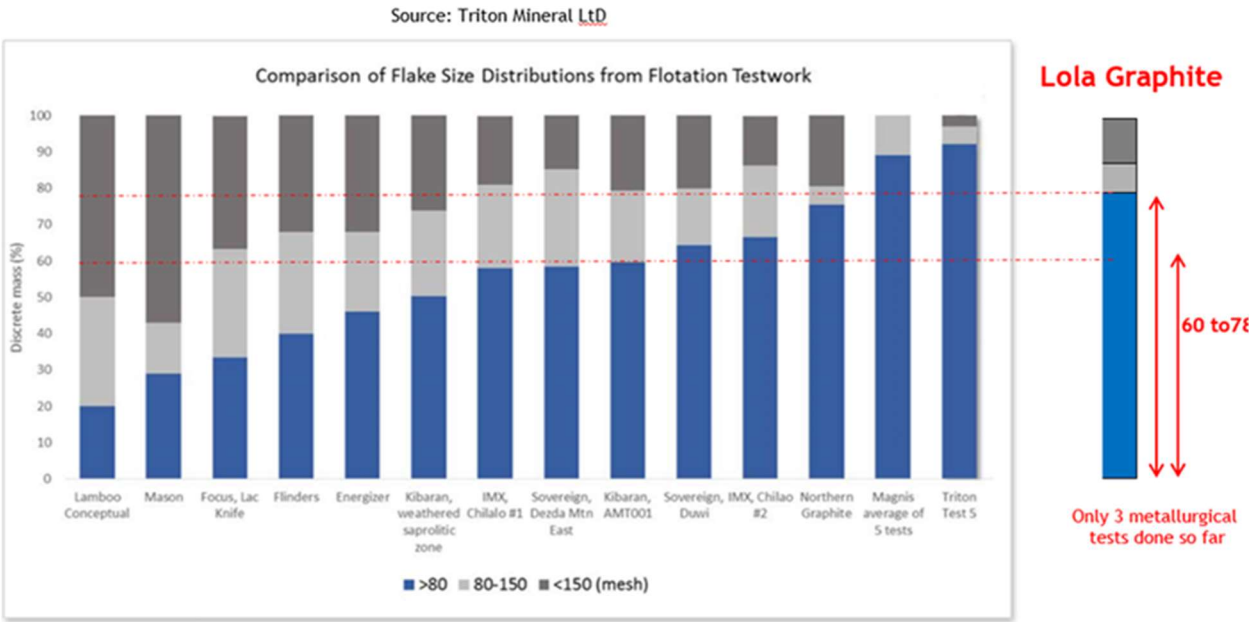


Figure 8: Lola Graphite deposit showing the 2017 drilling program

Figure 9: Lola Graphite deposit showing the Coretech drilling rig.

Figure 9: Diamond drilling rig in operation at the Lola Graphite (April 2017) and activities at the core logging area.



Source: Industrial Alliance Securities.

Figure 10: Comparison of Flake Size Distributions from Various Selected Published Sources

NICKEL MARKET ANALYSIS

Since 2012, mining and metals markets were affected by the downturn of the world economic due to a low recovery of the global economy and the overcapacity in many markets. As a result, mining companies had to scale down their investment budgets. Markets for nickel and copper were no exception and were severely affected. Figure 11 reported values of nickel and copper from May 2012 to May 2017 (source: Kitco.com).

Figure 11: Nickel and Copper values from May 2012 to May 2017.

Rare were markets where prices have rebounded permanently during the last five years.

Following attempts to rebound in the first half of 2014, nickel prices resumed its downward trend until mid-2016. During this period, the surplus of supply over demand resulted in a significant increase in stocks; 460,000 tons in August 2016, compared to less than 100,000 tons in May 2012 (see Figure 12). There was a slow decreased in the LME warehouse stock from august 2012 to today, from 460,000t down to 370,000t.

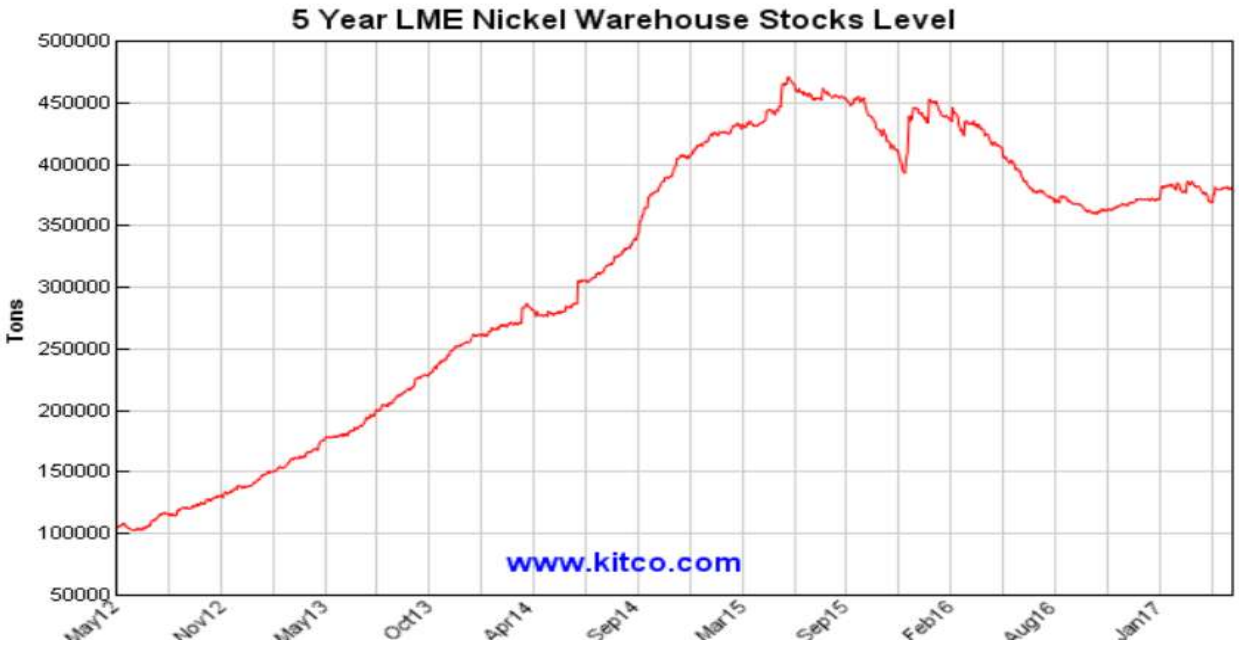


Figure 12: Inventories in Nickel and Copper at the London Stock Exchange (LME) since May 2012.

For the long term, some brokers expect the nickel demand to grow by 2% to 3% per year on average, which is faster than the growth in supply.

New market:

The emerging batterie market for renewable energy is a new market for nickel. The willingness to migrate from fossil energy to electric energy is an irreversible trend. The new market for batteries for automobiles, trucks, trains and ships, not to mention the residential and industrial energy storages, is underway and is going to increase exponentially in the next few years. The nickel market will benefit greatly as the main components of any given batteries are graphite and nickel.

NATURAL GRAPHITE FLAKE PROJECTED MARKET SIZE

Highlights:

- Growth Expectation in Electric Vehicles (EV) in China can change all predictions;
- Spherical Graphite is currently the biggest growing industry demand;
- Not all graphite is the same;
- India is a large growing market for graphite flakes: in infrastructure development but also for EV and Stationary applications;
- The day India will "wake-up", the need for natural graphite flakes will go ballistic in all possible markets.

The world graphite market is dominated by a few long-established mature players and uses requiring large volumes, but with several specialist applications requiring lower volumes.

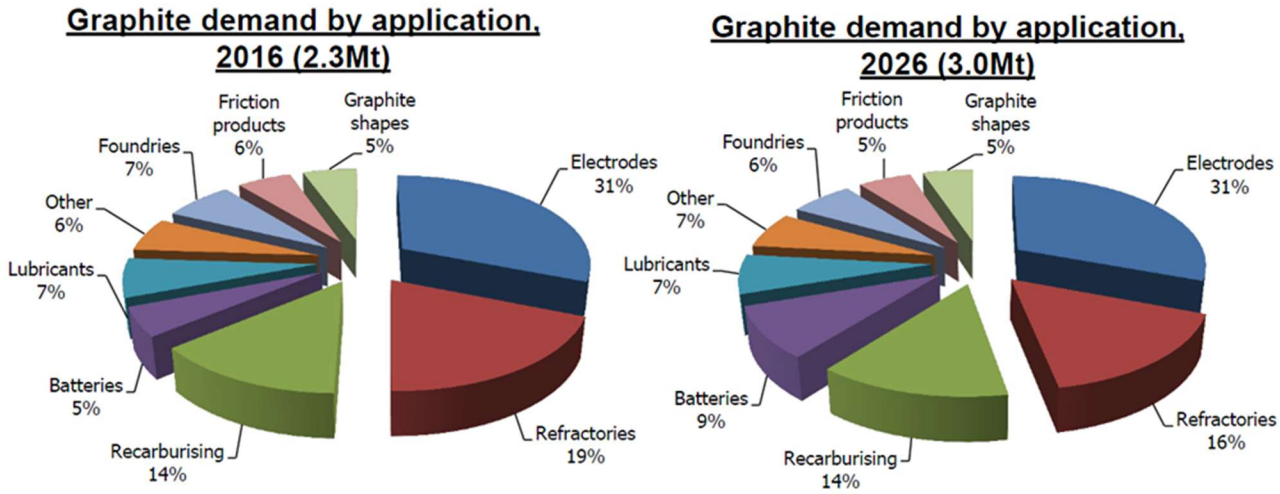
More recently, a new game changer come along in the energy industry – Li-ion batteries – which could potentially require a great deal of graphite in the future.

In 2015, the global graphite market (synthetic and natural) was approximately 2.7Mt per year and was worth approximately US$14B.

According to Persistence Market Research, the graphite market has bifurcated on the basis of form (natural graphite and synthetic graphite). Synthetic graphite is further sub-segmented on the basis of form (graphite electrode, carbon fiber, graphite blocks, graphite powder, and others). The graphite market is also segmented on the basis of end-uses (electrode, refractory, lubricant, foundry, battery, and others). All the segments provide market size and forecast by volume and by value. The synthetic graphite segment held the largest share of USD 12.49 billion in the graphite market in 2013 and is expected to reach USD 16.06 billion by 2020 at a CAGR of 3.7% from 2014 to 2020.

In terms of volume, the global graphite market grew from 2.19 million tons in 2010 to 2.68 million tons in 2013 at a CAGR of 7.1%.

Graphite Consumption by Industry 2016 (source: Roskill March 2017)



According to Roskill 2016, the Lithium-ion batteries will grow to account for 9% of total graphite demand by 2026 as traditional markets remain slow.

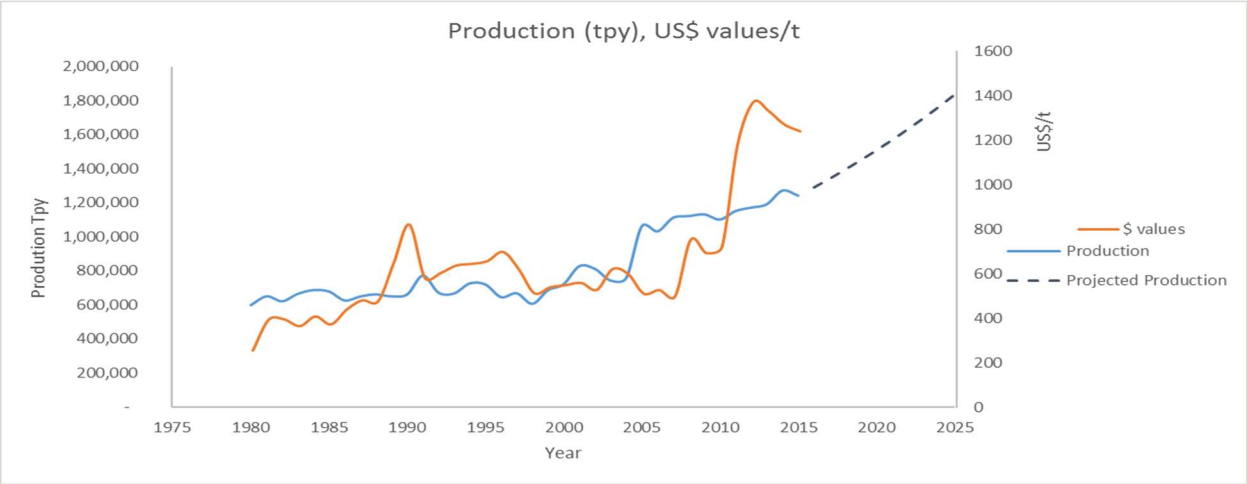
The global demand for graphite has been increasing steadily since the start of the new millennium and from 2000 to 2010 international consumption has doubled. Graphite is considered a key, strategic material in the emerging green technology economy, which includes advances in energy storage, electric vehicles, photovoltaics and electronics from smartphones to laptops. In 2012-13, China produced 73% of the world global natural flake graphite production, mainly used for internal market. China contribution to the world natural flake graphite production has been reduced to 67% in 2015 with several additional mines closure in 2016 due to raising local production costs and failure to meet environmental new regulations.

Currently, the USA, Canada, Japan, Korea, Taiwan and Europe are seeking alternative sources to China. This situation provides the opportunity to develop new mines presenting attractive alternatives to existing supply.

Analysts Reports

A recent report from P&S Market Research estimates that from 2015 to 2020, the graphite market will grow at a compound annual growth rate of 4%. The global graphite market was valued at US$15.06B in 2015.

Current Market



The market for natural graphite is expected to grow between 3% and 9% between 2015 and 2020.

If you consider that there is more graphite in a lithium ion battery than lithium, the cost of graphite to a battery could be as, if not more, significant than lithium. It just has not been considered because the price of flake graphite feedstock is low and there is a synthetic substitute.

According to an independent research company (Benchmark Mineral Intelligence), Tesla's Gigafactory 1 is expected to require over **42,000 tons of graphite anode material every year** at a 35GWh capacity of new cell production. In early 2017, Tesla CEO, Elon Musk spoke of three new potential Gigafactories for post-2020 production, which would have a major impact on the raw materials, such as graphite, necessary to fuel these plants.

The market growth for graphite comes from lithium-ion batteries. Batteries represent the most significant demand driver for battery-grade (coated spherical or 'CSPG') graphite.

There are two types of CSPG graphite used in Li-ion batteries — synthetic and natural. Due to cost and performance efficiencies, many battery manufacturers are transitioning to natural graphite.
Within the lithium-ion battery market itself, there are three main market segments.

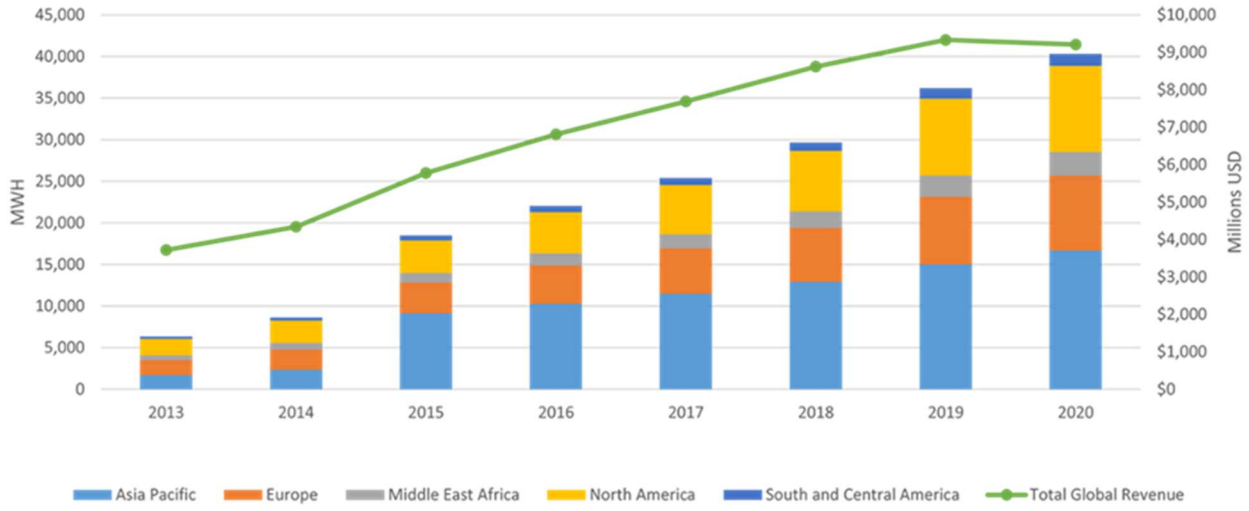
1. **Transportation Batteries**: to power electric vehicles; the electrification of automotive is evolving rapidly from niche to mainstream (significant forecasted growth)

2. **Stationary Storage Batteries**: energy storage for electrical grid, commercial and residential buildings; also, referred to grid-storage batteries (exponential forecasted growth)

3. **Consumer Electronics Batteries**: smartphones, laptops, tablets, wearable electronics, power tools, and other battery-powered devices (moderate forecasted growth)

Transportation Batteries

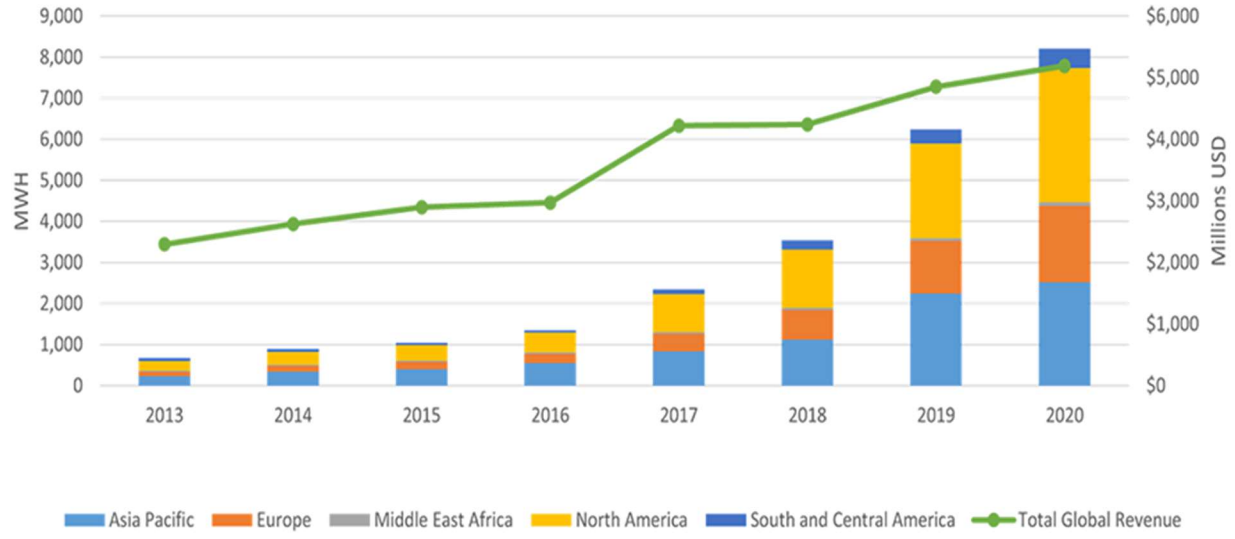
All Applications in Energy Capacity by Region and Global Revenue (2013-2020)



Overall, battery sales into the transportation sector will grow from 18.5 GWh in 2015 to 40.3 GWh in 2020. Revenue will grow from USD$5.7 billion to USD$9.2 billion, representing a CAGR of 9.8% (source: Cairn Energy Research Advisors, 2015)

Stationary Batteries

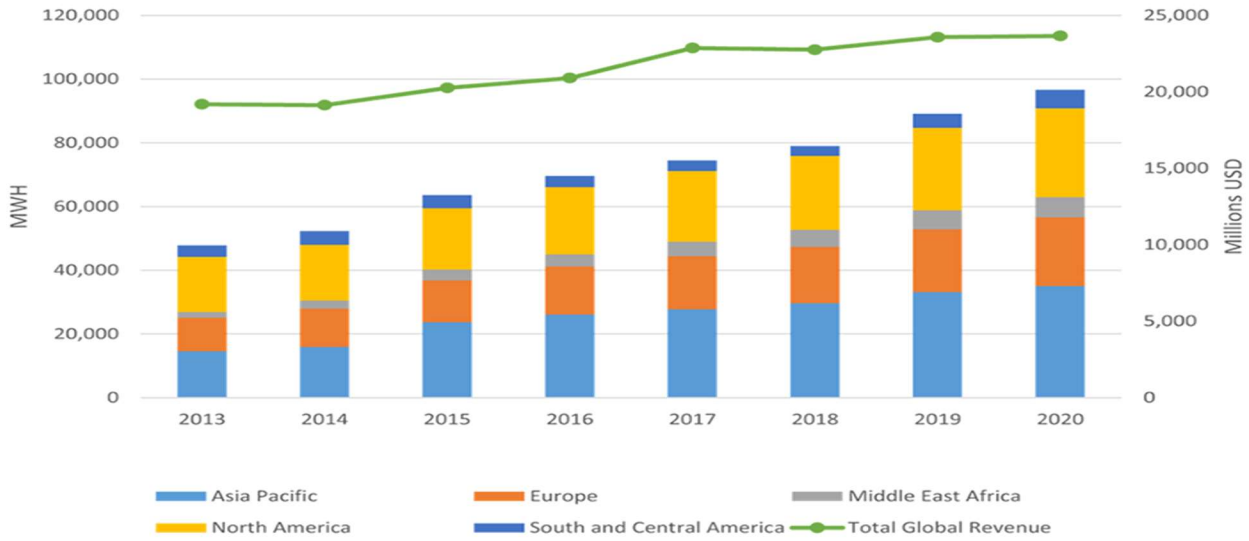
All Applications in Energy Capacity by Region and Global Revenue (2013-2020)



Stationary storage battery sales will grow from 671 MWh in 2013 to 8.2 GWh in 2020. The 2015 to 2020 forecasted CAGR is 51.1%. Revenue will grow from USD$2.3 billion in 2013 to USD$4.8 billion in 2020. The forecasted CAGR for revenue growth between 2015 and 2020 is 12.4% (source: Cairn Energy Research Advisors, 2015)

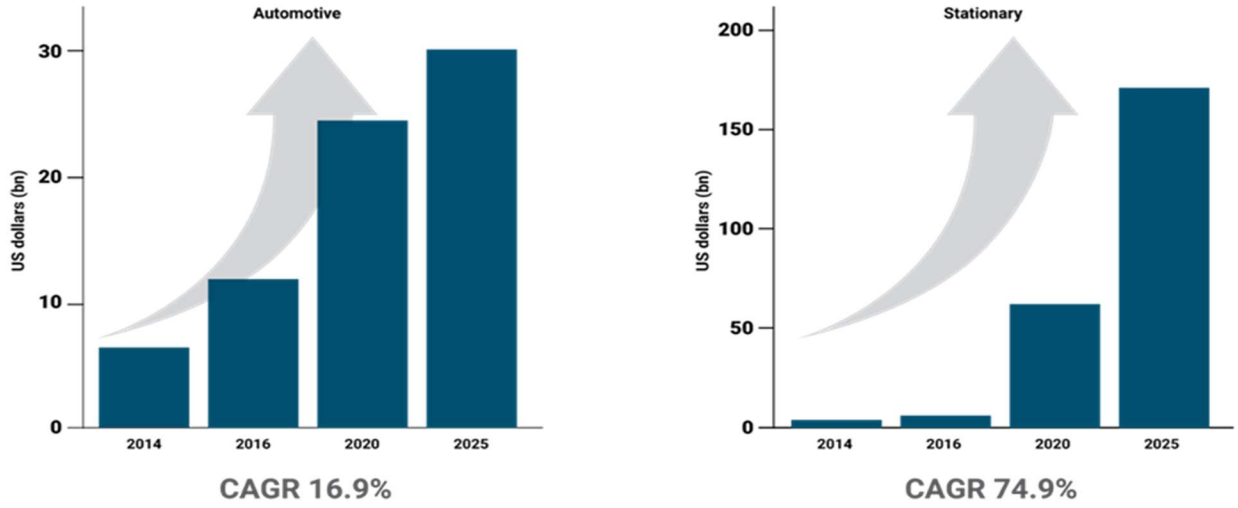
All Battery Market Segments

Global Battery Forecast — Transportation, Stationary and Consumer Electronic Segments Combined (2013-2020)



The global battery market will nearly double in size from 47.7 GWh in 2013 to 96.6 GWh in 2020, representing a 5-year CAGR of 8.7% for the next 5 years *(source: Cairn Energy Research Advisors, 2015)*

Panasonic's Forecast for Lithium-ion Battery Growth



(source: Benchmark Mineral Intelligence/Panasonic Corporation, 2015)

*** source: Industrial Minerals (October 2015)**
**** source: Benchmark Mineral Intelligence (September 2015)**

SELECTED FINANCIAL INFORMATION

Going concern assumption and liquidity risk

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. The Company has incurred a net loss and comprehensive loss for the six-month period ended June 30, 2017 of $2,001,286 (for the year ended December 31, 2016 – $905,792) and has an accumulated deficit of $11,233,007 (December 31, 2016 – $9,848,691). In addition, the Company had working capital of $2,204,074 as at June 30, 2017 (December 31, 2016 – $2,058,424), including cash and cash equivalents of $2,146,800 (December 31, 2016 – $2,579,417). 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. Based on the extent of the Company's current development plan and anticipated exploration, the Company will need to raise additional financing within the next 6-12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

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

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.

Reverse Takeover transaction

Pursuant to the terms and conditions of a Share Exchange Agreement, signed on August 5, 2016, between Sama and Section Rouge Media Inc. ("SRM"), SRM acquired on December 31, 2016, 100% of the issued and outstanding shares of Sama Resources Guinee SARL ("Sama Guinee"), a wholly-owned subsidiary of Sama in exchange of 24,658,267 common shares of SRM at a deemed price of $0.10 per share. This transaction resulted in a Reverse Takeover (the "Reverse Takeover" or the "Transaction") of SRM by Sama, whereby Sama acquired 49.16% of SRM's outstanding common shares. Following the completion of the Reverse Takeover, SRM changed its name to Sama Graphite Inc ("SRG"). On June 30, 2017, Sama Graphite Inc. changed its name to SRG Graphite Inc.

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

Financial Position Analysis

	June 30, 2017	December 31, 2016	December 31, 2015
	$	$	$
Total assets	24,276,843	20,881,318	20,275,455
Total liabilities	140,746	614,765	253,858
Total equity	24,136,097	22,266,553	20,021,597
Working capital*	2,204,074	2,058,424	338,947

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

Assets

Total assets at June 30, 2017 were $24,276,843 compared to $20,881,318 at December 31, 2016, an increase of $1,395,525 mainly due to an increase in taxes receivable of $59,964, prepaid expenses and deposits of $40,296, exploration and evaluation assets of $1,552,076 and property and equipment of $171,818. However, these increases were offset by a decrease in cash and cash equivalents of $432,617. Readers are invited to refer to the cash flows analysis for more detail on that decrease in cash and cash equivalents.

Liabilities

Total liabilities at June 30, 2017 were $140,740 compared to $614,765 at December 31, 2016, a decrease of $474,019 which is directly related to a decrease in accounts payables and accrued liabilities.

Equity

At June 30, 2017, the Company had an equity of $24,136,097 compared to $22,266,553 at December 31, 2016, an increase of $1,869,544 mainly due to the period net loss of $2,001,286 which was offset by the completion of a private placement for net proceeds of $2,578,769 and by the recognition of a stock-based compensation of $1,244,861.

Operating Results analysis

Readers are invited to take into consideration that the results herein presented for the three-month and six-month periods ended June 30, 2017 represent the consolidated results of Sama Group including the results of SRG Group acquired as part of the Reverse Takeover transaction completed on December 31, 2016, which results are being compared to past financial results of Sama Group.

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
	$	$	$	$
Revenues	-	25,595	-	71,466
Net loss	(1,188,484)	(247,385)	(2,001,286)	(471,934)
Net loss per share	0.01	0.00	0.01	0.00

THREE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2016

For the three-month period ended June 30, 2017, the Company recorded a net loss of $1,188,484 compared to $247,385 for the same period in 2016, an increase of $941,099 which is due to the following important variations:

Revenues

The Company had revenues of $25,595 in 2016 compare to $nil in 2017. These revenues are related to contracts for bulldozing and other drilling preparation services.

Operating expenses

Operating expenses went from $214,775 in 2016 to $1,172,634 in 2017, an increase of $957,859. This increase is mainly due to an increase in the stock-based compensation ($726,364), in travel and representation fees ($49,330), in consulting fees ($85,313) and in investor relation fees ($45,000). The increase in travel and representation fees is due to an increase in the number of trips to Africa. The investor relation fees increase is directly attributable to agreements signed under the SRG Group. The increase in consulting fees is related to agreements signed under the Sama Group and SRG Group for general business development. The increase in stock-based compensation is related to the issuance of stock options by Sama Group and SRG Group and to Sama Group decision to extend the original expiry date of 2,400,000 stock options by an additional 60 months.

Other expenses (income)

Other expenses went from $23,484 in 2016 to $15,850 in 2017, a decrease of $7,634 due to the recognition in 2016 of a loss on disposal of property and equipment of $34,459 which was however offset by a foreign exchange gain of $10,847 compare to the recognition a foreign exchange loss of $15,850 in 2017. Foreign exchange loss (gain) is related to the fluctuations of the foreign currencies compared to the Canadian dollar.

SIX-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

For the six-month period ended June 30, 2017, the Company recorded a net loss of $2,001,286 compared to $471,934 for the same period in 2016, an increase of $1,529,352 which is due to the following important variations:

Revenues

The Company had revenues of $71,466 in 2016 compare to $nil in 2017. These revenues are related to contracts for bulldozing and other drilling preparation services.

Operating expenses

Operating expenses went from $460,239 in 2016 to $1,963,754 in 2017, an increase of $1,503,515. This increase is mainly due to an increase in the stock-based compensation ($1,157,145), in travel and representation fees ($98,572), in consulting fees ($125,254) and in investor relation fees ($73,803). The increase in travel and representation fees is due to an increase in the number of trips to Africa. The investor relation increase is directly attributable to agreements signed under the SRG Group. The increase in consulting fees is related to agreements signed under the Sama Group and SRG Group for general business development. The increase in stock-based compensation is related to the issuance of stock options by Sama Group and SRG Group and to Sama Group decision to extend the original expiry date of 2,400,000 stock options by an additional 60 months.

Other expenses (income)

Other expenses went from $15,372 in 2016 to $37,532 in 2017, an increase of $22,160 due to the recognition in 2016 of a loss on disposal of property and equipment of $34,459 which was however offset by a foreign exchange gain of $18,959 compare to the recognition a foreign exchange loss of $37,532 in 2017. Foreign exchange loss (gain) is related to the fluctuations of the foreign currencies compared to the Canadian dollar.

Cash Flows analysis

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
	$	$	$	$
Cash required by operating activities	(540,458)	(66,700)	(1,308,160)	(274,664)
Cash required by investing activities	(1,293,378)	(116,452)	(1,750,426)	(290,780)
Cash generated by financing activities	2,518,769	254,324	2,625,969	254,324

THREE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2016

Operating Activities

For the three-month period ended June 30, 2017, operating activities required cash flows of $540,458 compared to $66,700 for the same period in 2016, an increase of $473,758. This increase in the use of cash flows is mainly due to the net loss increase after adjustment for items not affecting cash which went from $160,421 in 2016 to $423,525 in 2017. In addition, change in non-cash working capital items required cash flows of $116,933 in 2017 compared to generated cash flows of $93,721 for the same period in 2016. The required cash flows were mainly related to accounts payable and accrued liabilities which were however offset by the prepaids expenses and deposits.

Investing Activities

For the three-month period ended June 30, 2017, investing activities required cash flows of $1,293,378 compared to $116,452 for the same period in 2016, an increase of $1,176,926 due to exploration and evaluation expenditures which required cash flows of $1,080,842 in 2017 compared to $134,861 in 2016 and to property and equipment acquisition of $212,536 in 2017 compared to $2,219 in 2016.

Financing Activities

For the three-month period ended June 30, 2017, financing activities generated cash flows of $2,518,769 compared to $254,324 for the same period in 2016, an increase in generated cash flows of $2,264,445. This increase is mainly due to the completion of a private placement for total net proceeds of $2,518,769 in 2017 compared to $254,324 for the same period in 2016.

SIX-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Operating Activities

For the six-month period ended June 30, 2017, operating activities required cash flows of $1,308,160 compared to $274,664 for the same period in 2016, an increase of $1,033,496. This increase in the use of cash flows is mainly due to the net loss increase after adjustment for items not affecting cash which went from $346,263 in 2016 to $753,642 in 2017. In addition, change in non-cash working capital items required cash flows of $554,518 in 2017 compared to generated cash flows of $71,599 for the same period in 2016. The required cash flows were mainly related to accounts payable and accrued liabilities.

Investing Activities

For the six-month period ended June 30, 2017, investing activities required cash flows of $1,750,426 compared to $290,780 for the same period in 2016, an increase of $1,459,646 due to exploration and evaluation expenditures which required cash flows of $1,524,366 in 2017 compared to $309,189 in 2016 and to property and equipment acquisition of $226,060 in 2017 compared to $2,219 in 2016.

Financing Activities

For the six-month period ended June 30, 2017, financing activities generated cash flows of $2,625,969 compared to $254,324 for the same period in 2016, an increase in generated cash flows of $2,371,645. This increase is mainly due to the completion of a private placement for total net proceeds of $2,578,769 in 2017 compared to $254,324 for the same period in 2016.

Quarterly Results Trends

The operating results for each of the last eight quarters are presented in the following table. Readers are invited to take into consideration that the quarters presented after December 31, 2016 represent the consolidated results of Sama Group including the results of SRG Group acquired as part of the Reverse Takeover completed on December 31, 2016, while those before December 31, 2016 includes Sama Group results only.

	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015
	$	$	$	$	$	$	$	$
Revenues	-	-	13,820	2,350	25,595	45,871	30,421	-
Net loss	(1,188,484)	(812,802)	(165,217)	(268,641)	(247,385)	(224,549)	(256,908)	(1,256,793)*
Net loss per share	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01

* The increase in net loss during the three months ended September 30, 2015 is due to the exploration and evaluation assets impairment ($959,222) recognized on the Lola Base Metal property.

TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel

During the six-month period ended June 30, 2017, the Company incurred accounting fees of $45,400 (for the six-month period ended June 30, 2016 – $40,788) with the Chief Financial Officer. These fees are recorded under professional fees.

During the six-month period ended June 30, 2017, the Company incurred legal fees of $22,500 (for the six-month period ended June 30, 2016 – $14,625) with an officer. These fees are recorded under professional fees.

During the six-month period ended June 30, 2017, the Company incurred consulting fees of $92,502 (for the six-month period ended June 30, 2016 – $17,417) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of $74,003 (for the six-month period ended June 30, 2016 – $13,934) of these fees have been capitalized to the Company's exploration and evaluation assets.

During the six-month period ended June 30, 2017, the Company recognized a stock-based compensation of $614,068 (for the six-month period ended June 30, 2016 – $56,658) in connection with stock options granted to officers and directors and to the expiry date extension of stock options previously granted to officers and directors.

As at June 30, 2017, $nil (December 31, 2016 – $188,665) is due to corporations controlled by a director or officer. These amounts are included in accounts payable and accrued liabilities.

As part of the private financing completed in April 2017, officers and directors of the Company have purchased a total of 1,859,997 units at a price of $0.15 per unit for total proceeds of $279,000.

Transactions with related parties:

During the six-month period ended June 30, 2017, the Company incurred $13,344 for legal fees and for office supplies, utilities and rent (for the six-month period ended June 30, 2016 – $7,150) with corporations with a director or officers in common.

Termination and Change of Control Provisions

Certain agreements between the executive team and the Company contain termination without cause 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 June 30, 2017, the total amounts payable to the executive team in respect of severance would have totaled $329,000. If a change of control had occurred on June 30, 2017, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled $329,000.

However, the severance payable to the President and Chief Executive Officer would be paid jointly between the Company and Sama Resources Inc., the major shareholder since the services performed under the agreement are to be allocated between both companies on the pro-rata basis on the time spent to each company.

COMMITMENTS

The Company has an operating lease commitment for office premises in Vancouver, British Columbia, Canada, expiring in July 31, 2018, which will call for total rent payments of $16,250 ($7,500 in 2017 and $8,750 in 2018).

The Company has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, expiring in November 30, 2017 which will require a total payment of F CFA 3,600,000 (approximately $5,088 at June 30, 2017).

The Company has entered into consulting agreements expiring until April 2018 which will call for total payments of $253,971 ($204,471 in 2017 and $49,500 in 2018).

Minimum annual payments relating to the above commitments are $217,059 in 2017 and $58,250 in 2018.

On June 7, 2017, Sama signed a technology license agreement with CVMR Corporation ("CVMR"). Under the terms of the agreement, CVMR grants Sama use of its technology to refine the mineralized material from the Samapleu property in Ivory Coast, West Africa, to produce nickel and iron powders. In consideration of the technology license, Sama has agreed to pay CVMR $5,000,000 either in cash or, subject to approval from the TSX-V, through the issuance of an equivalent value of common shares of Sama within 90 days of the granting of the mining license. Share price will be based on the average closing price of those shares on the exchange for each day during the three months of trading prior to issuance. In addition, CVMR will receive a royalty equal to 15% of the sale price of metal powders produced by the plants in excess of the London Metal Exchange ("LME") price of the elements contained in such powders.

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Sama outstanding shares as of July 26, 2017	136,955,775
Shares reserved for issuance pursuant to warrants outstanding	45,080,168
Shares reserved for issuance pursuant to stock options outstanding	11,800,000
Sama outstanding shares - fully diluted	193,835,943

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

Number	Exercise Price	Expiry Date
5,811,092	0.28	June 19, 2018
180,909	0.28	August 8, 2018
5,295,240	0.25	August 26, 2020
4,234,999	0.25	September 14, 2020
2,731,000	0.15	May 19, 2021
3,998,000	0.15	July 29, 2021
4,050,000	0.15	December 9, 2021
14,505,601	0.20	April 19, 2022
4,273,327	0.20	April 25, 2022
45,080,168		

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

Number Outstanding	Exercise Price	Expiry Date
55,000	0.22	January 22, 2018
1,400,000	0.22	June 3, 2018
100,000	0.27	October 24, 2018
1,145,000	0.23	January 21, 2019
300,000	0.275	October 15, 2019
400,000	0.15	June 29, 2021
50,000	0.12	August 31,2021
1,000,000	0.18	June 6, 2022
1,400,000	0.32	June 6, 2022
1,000,000	0.33	October 14, 2022
2,350,000	0.19	April 21, 2025
200,000	0.18	May 27, 2025
1,900,000	0.085	January 17, 2027
500,000	0.15	March 31, 2027
11,800,000		

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements

CONFLICTS OF INTEREST

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is full disclosure of the Company's critical accounting policies and accounting estimates in Note 3 of the audited consolidated financial statements for the year ended December 31, 2016.

ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in Note 4 of the audited consolidated financial statements.

RISKS AND UNCERTAINTIES

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

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

Early Stage – Need for Additional Funds

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

Exploration and Evaluation

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

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

Supplies, Health and Infrastructure

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

Title Risks

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

Environmental Regulations, Permits and Licenses

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

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

Competition and Agreements with Other Parties

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

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

Economic Conditions

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

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

Dependence on Management

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

Operating Hazards and Risks

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

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