SAMA RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

AS OF APRIL 28, 2017

TSX-V: SME

INDEX

SCOPE OF MD&A AND NOTICE TO INVESTORS

This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of April 28, 2017, and complements the audited consolidated financial statements of Sama Resources Inc. (the "Company" or "Sama") for the year ended December 31, 2016, which include Sama Nickel Corporation ("Sama Nickel") and Sama Nickel Côte d'Ivoire SARL ("Sama CI"), its wholly owned subsidiaries as well as Sama Graphite Inc. ("SRG") and Sama Resources Guinee SARL ("Sama Guinee") owned at 49.16%. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Company has prepared this MD&A following the requirements of National Instrument 51-102, Continuous Disclosure Obligations.

Management of the Company is responsible for the preparation and presentation of the 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 consolidated financial statements and the MD&A have been reviewed by the audit committee and approved by the Company's Board of Directors on April 28, 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 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.

On September 22, 2016, the Company's moved its head office from #2390 – 1055 West Hastings St., Vancouver, BC, V6E 2E9 to #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8. Also, on September 01, 2016, Mrs. Isabelle Gauthier CPA, CA replaced M. Bryan McKenzie CPA, CA as the new Chief Financial Officer (CFO) of the Company.

HIGHLIGHTS

- On December 9, 2016, the Company closed a non-brokered private placement by issuing 4,050,000 units at a price of $0.10 per unit, for gross proceeds of $405,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.15 per share for a period of 60 months;

- On December 31, 2016, the Company successfully completed the spin-off of the Lola Graphite Property as part of the Reverse Takeover transaction ("RTO") with Section Rouge Media Inc. (TSX-V: SRO) described in Selected Financial Information section;

- On January 12, 2017, Sama announced the delineation of two very strong conductors at the Samapleu and Grata properties using down-hole geophysical surveys ("DHTEM"). The geophysical testing was completed on December 19, 2016 by Abitibi Geophysics of Val D'Or, Canada and tested the 620 meter ("m") SM34-564718 drill hole at the Samapleu main deposit and the recently drilled 342 m GR72-787708 drill hole at the Grata property;

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

- On March 31, 2017, the Company announced a non-brokered private placement of up to 13,333,333 Units at a price of $0.15 per Unit, for total gross proceeds of up to $2,000,000. Each unit will be 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 $0.20 per share for a period of 60 months;

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

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

OVERALL PERFORMANCE

During the year ended December 31, 2016, the Company maintained its priorities on the Samapleu and Grata Properties located in Côte d'Ivoire while successfully completing the spin-off of the Lola Graphite Property in Guinea into Sama Graphite Inc, the resulting issuer from the RTO transaction with Section Rouge Media Inc. closed on December 31, 2016.

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

During the year ended December 31, 2016, the Company continued to investigate new properties and mineral claims that show exploration potential and would create shareholder value. As well, the continued exploration success in the vicinity of the Samapleu Property is being continually monitored and evaluated.

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 Sama who is a 'qualified person', as defined by National Instrument 43-101, Standards for Disclosure for Mineral Projects ("NI 43-101").

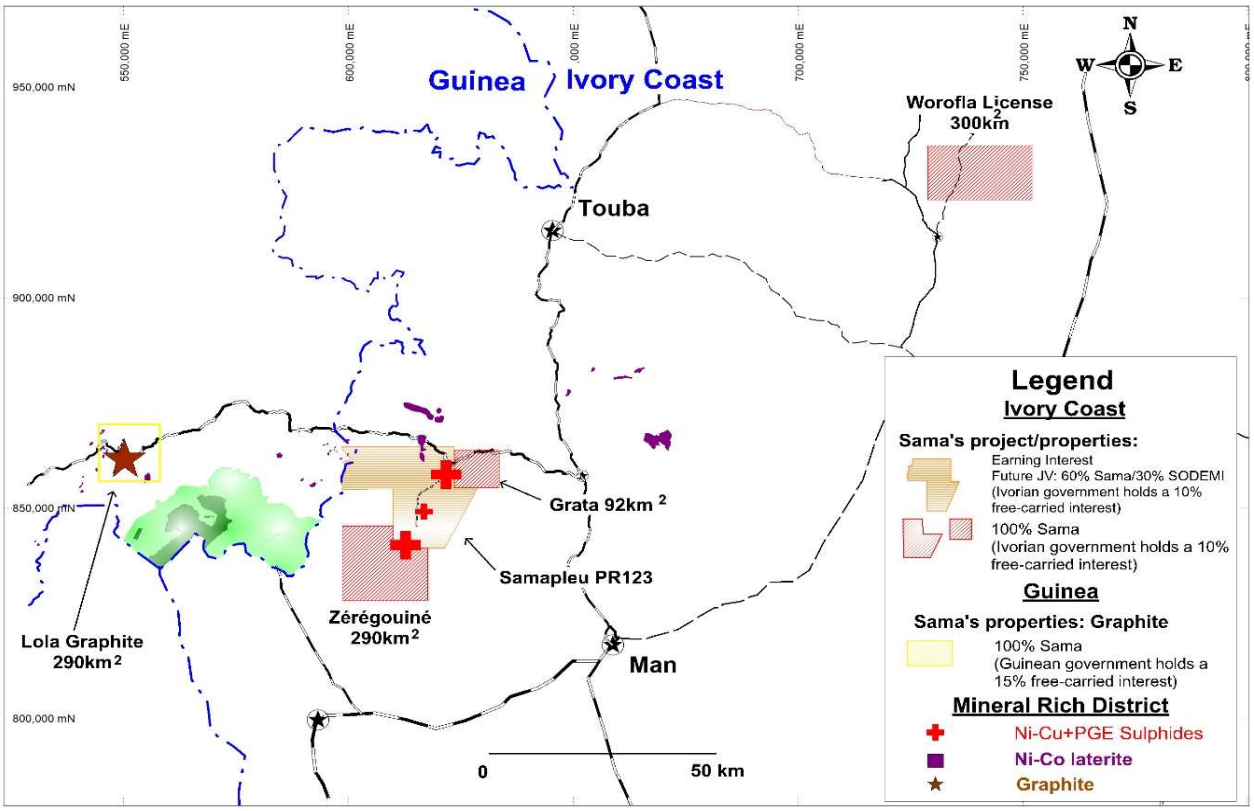


Figure 1: Exploration permits in the Ivory Coast and in Guinea

Samapleu Property (PR123)

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

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

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

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately $1,801,354 as at December 31, 2016) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC which represent a total amount of $17,973,261 as at December 31, 2016.

The ownership of the EE shall be allocated as follows:

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

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

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

The company's exploration objective is to delineate massive sulphide reservoirs that could be the source of high grade nickel ("Ni") – copper ("Cu") - palladium ("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, the Company's regional exploration work highlights the prospective potential of the entire PR123 area. In addition to the Samapleu Main deposit and the nickel-cobalt rich laterite Sipilou South deposit, there were several mineralized sectors that have been identified within the PR123 area, including Sama's discovered Samapleu Extension 1 deposit, the Yorodougou occurrence and the Yepleu occurrence as well as numerous massive chromite showings, all part of the newly discovered Yacouba Layered Complex.

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

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. The Company's regional compilation and exploration work highlights the very highly prospective potential of the whole area surrounding these known intersections.

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

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

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

Table 2: Drilling programs from July 2010 to September 2016

Area	Contractor drilling		Sama Drilling		Total lengths (m)
	Borehole	m	Borehole	M	
Main Deposit	71	10,630	5	1,590	12,220
Samapleu Extension 1	44	7,044	20	4,513	11,557
Yepleu			24	4,868	4,868
Sipilou Sud Laterite	80	2,688			2,688
Yorodougou	4	735	2	291	1,026
Bounta North chromite			6	659	659
Santa			5	952	952
Grata			2	767	767
Regional	12	1,698			1,698
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. The company's 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 in June 2010 and is located 1.3 km to the north of the Samapleu Main deposit. The surface expression of the ultramafic-mafic geological host of the Samapleu Extension 1 deposit and the newly discovered SM34 Sector is approximately 2,000 m long by 50 m to 200 m wide and is still open in both directions. The ultramafic-mafic host is oriented northeast-southwest.

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

Yepleu Occurrence

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

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

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

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

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

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

The disseminated and semi-massive sulphide mineralization of borehole YE40-438348 is characterised by aggregates of nickel, copper and iron sulphides, named pentlandite, chalcopyrite and pyrrhotite, respectively. Pentlandite occurs together with pyrrhotite, while the chalcopyrite, being the third mineral of global abundance appears either mixed with the pentlandite or as late sulfide centimetric veins crosscutting the pentlandite-pyrrhotite material. Contacts between the semi-massive sulphide material and the surrounding 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's interpretation. Aarhus' inversion model confirmed the presence of a conductor and also that the area in the vicinity of the borehole YE40-438348 is the most conductive in the Yepleu area.

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

Mineral Resource

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

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

Classification	Tonnes (,000) t	Contained Nickel (,000) Lbs	Contained Copper (,000) Lbs	Nickel %	Copper %	Cobalt %	Platinum gpt	Palladium gpt	Gold gpt	Rhodium gpt
Indicated	14,159	74,500	61,200	0.24	0.20	0.02	0.11	0.29	0.03	0.01
Total 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

For the year ended December 31, 2016, the Company capitalized $331,450 at the Samapleu Property, resulting in total deferred exploration and mineral property costs of $17,973,261.

Estimated expenditures:

The current estimate for expenditures on the Samapleu Property (both corporate and capitalized expenditures) for the next year is approximately $1,000,000. 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 ($842,624 as at December 31, 2016) 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.

For the year ended December 31, 2016, the Company capitalized $192 at the Worofla Property, resulting in total deferred exploration and mineral property costs of $10,867.

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 ($1,324,589 as at December 31, 2016) 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 are needed to fully evaluate the prospect.

For the year ended December 31, 2016, the Company capitalized $191,455 at the Zérégouiné Property, resulting in total deferred exploration and mineral property costs of $1,161,871.

Estimated expenditures:

The current estimate for expenditures on the Zérégouiné Property (both corporate and capitalized expenditures) for the next year is approximately $500,000. 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, the Company obtained Permit No. 604 ("PR604") which covers 80 square kilometers of property in Côte d'Ivoire. In accordance with PR604, the Company must incur expenditure commitments of F CFA 663,000,000 (approximately $1,430,297 as at December 31, 2016) before December 9, 2019. The Grata Property is 100% owned by the Company and is located adjacent to the north-eastern boundary of the Samapleu Property.

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

For the year ended December 31, 2016, the Company capitalized $94,963 at the Grata Property, resulting in total deferred exploration and mineral property costs of $94,963.

Estimated expenditures:

The current estimate for expenditures on the Grata Property (both corporate and capitalized expenditures) for the next year is approximately $200,000. The expenditure estimate is contingent upon obtaining additional financing. The proceed will be used for additional geophysical surveys and additional drilling.

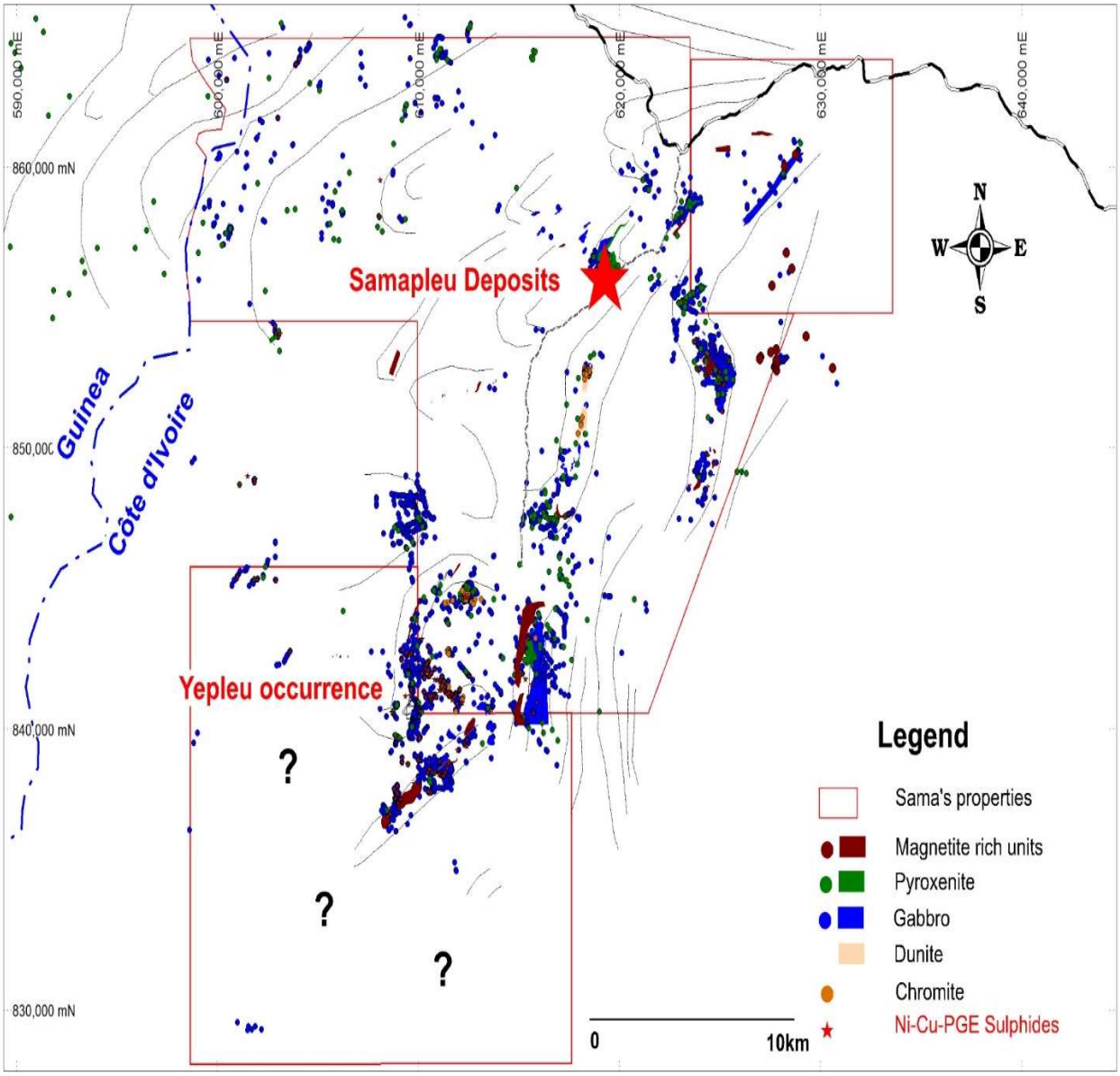


Figure 2: Samapleu, Zérégouiné and Grata Exploration Permits showing prospective sectors together with the geology related to the Yacouba UM layered complex.

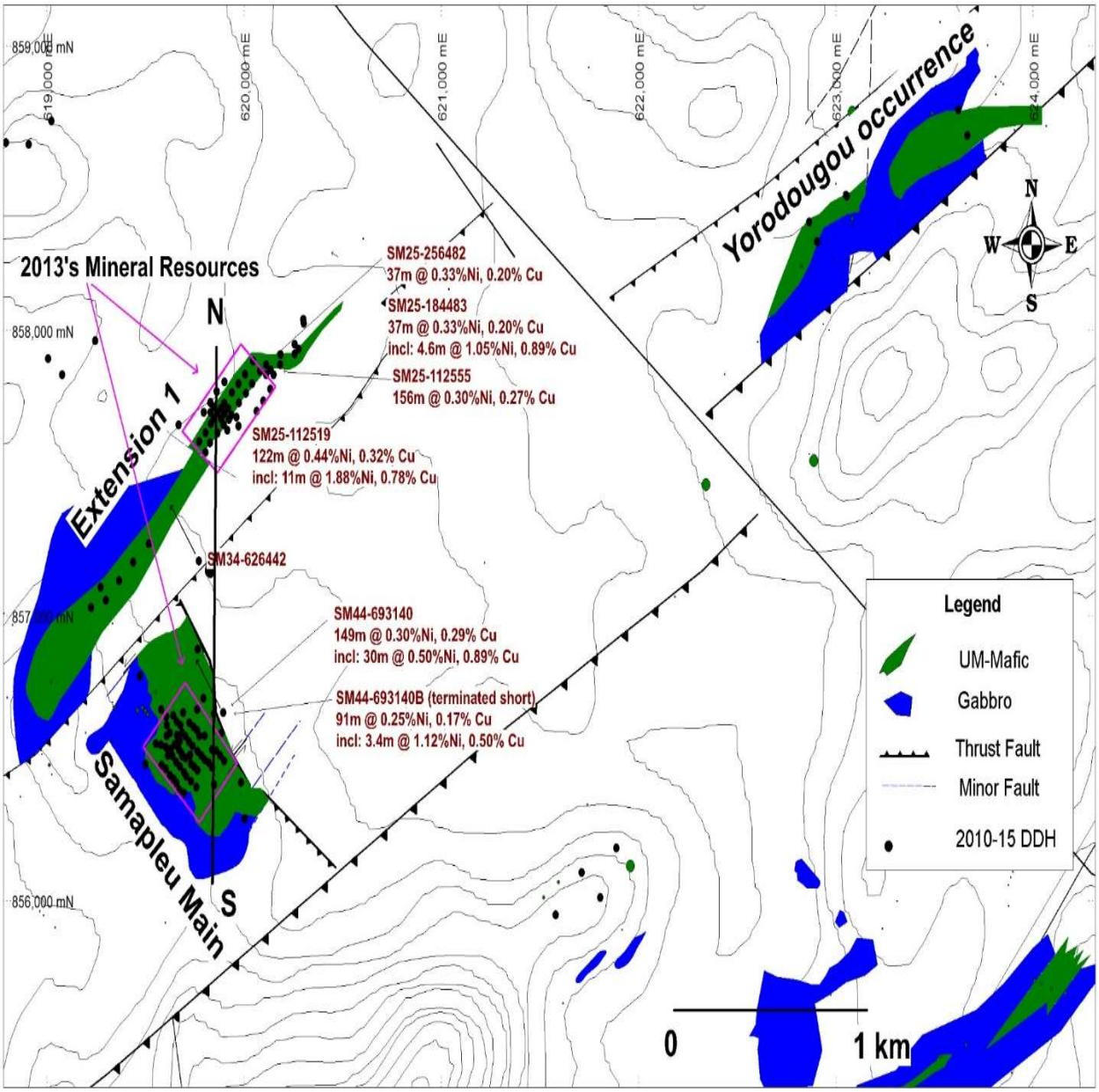


Figure 3: Samapleu Main and Extension 1 deposits together with Yorodougou occurrence.

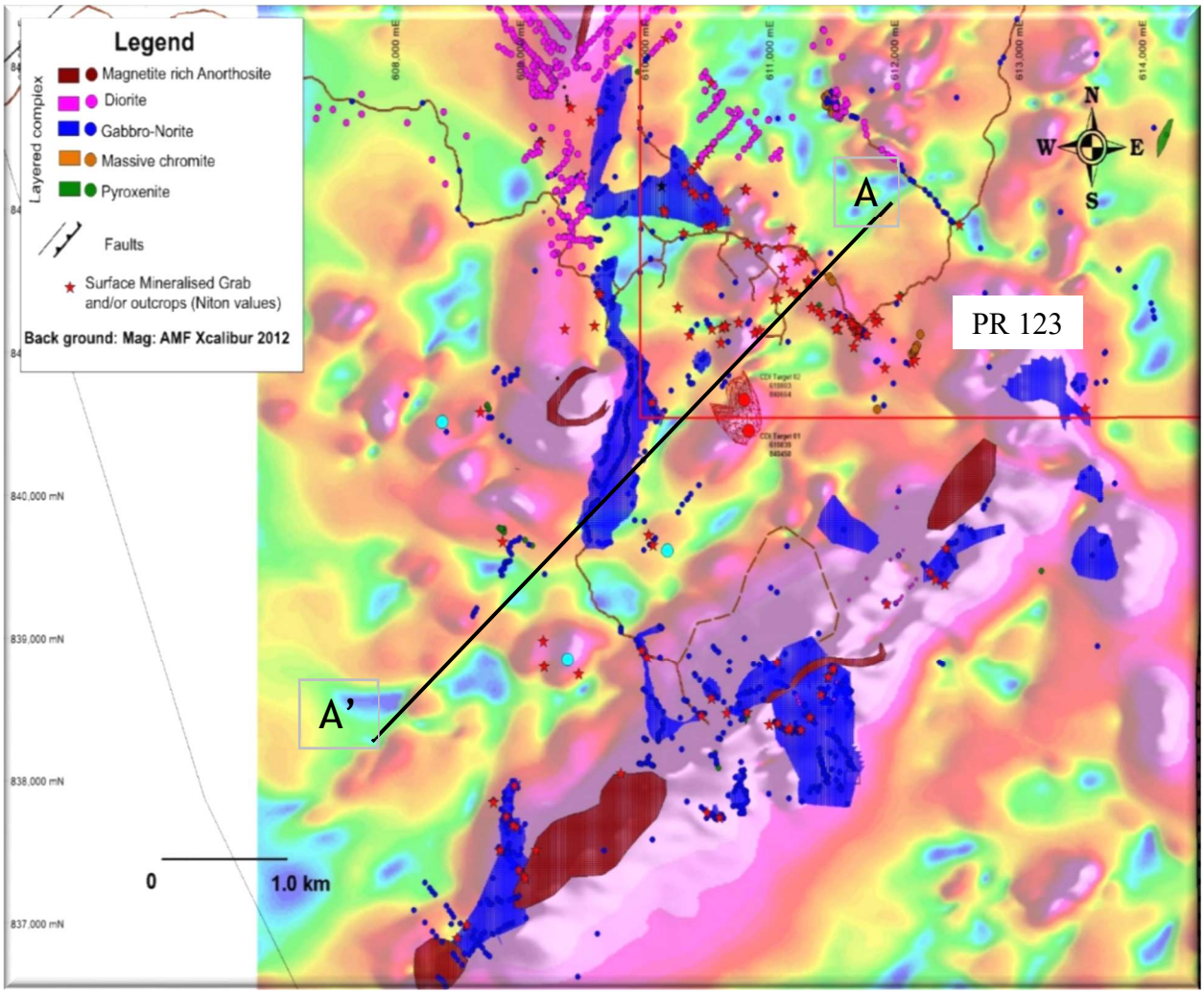


Figure 4: Surface geology and deep target at Yepleu/Zérégouiné (PR 123 - PR 300), cross-section A-A' shown at figure 5.

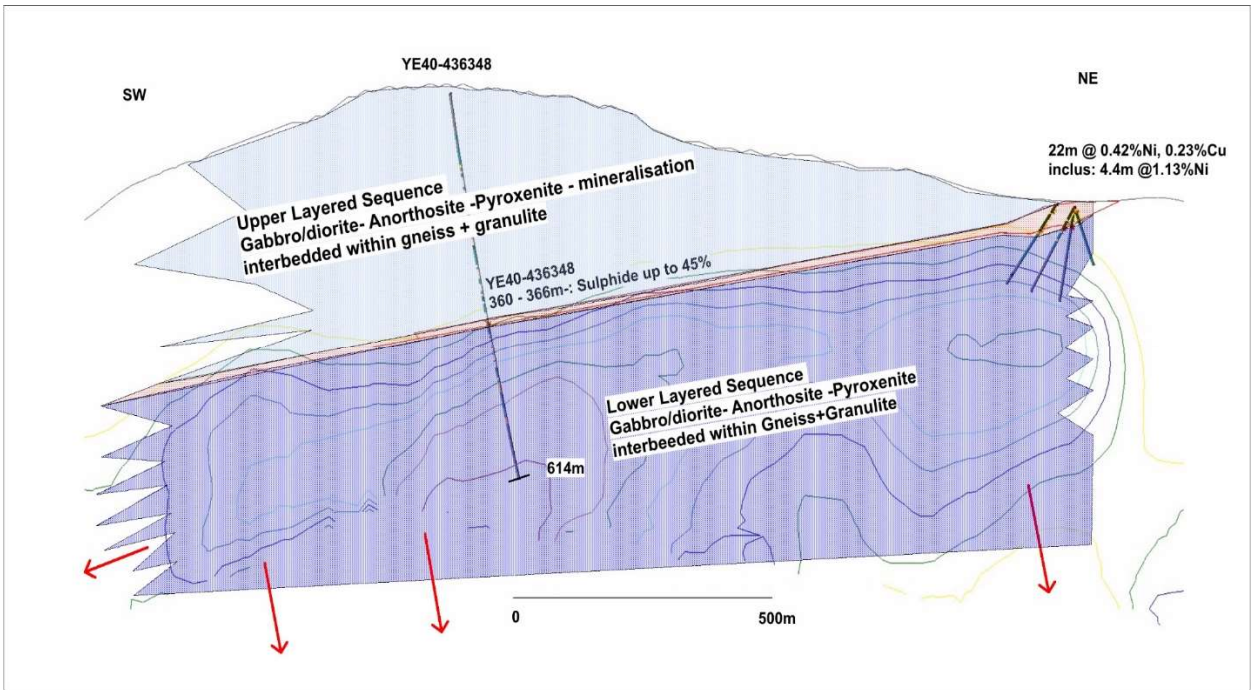


Figure 5: Cross-section at Yepleu showing hole YE40-436348 terminated short of the target for a technical reason. A mineralised horizon of 6.65 m grading 0.30% nickel and 0.26% copper, including 0.55 m at 0.90% nickel and 0.80% copper was intercepted at the interface between two layer assemblages.

Sipilou South Nickel-Cobalt Laterite Mineralization

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

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

Lola Graphite Property (Permit de Recherche, PR 4543)

On September 2, 2013, the Company obtained four licenses to explore a combined 380 square kilometers of property in 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 the surface area did not require an impairment of capitalized E&E assets since the Company did not give up area where exploration and evaluation expenditures has previously been done. The Company has agreed to complete an exploration program of GNF 9,361,376,000 (approximately $1,343,211 as at December 31, 2016) by August 29, 2018.

The Lola Graphite 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 1). An Exploration license gives the applicant the right to explore for minerals for a certain time period as prescribed by the Mining law and regulation.

The property, located within the department of Lola, was initially formed by 4 exploration licenses, (Permit de Recherche) globally named Permit de Recherche 4543, shaping a rectangular form of 27.9 km by 13.7 km in size for a cumulative total of 380km^2. 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 the Company, 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.

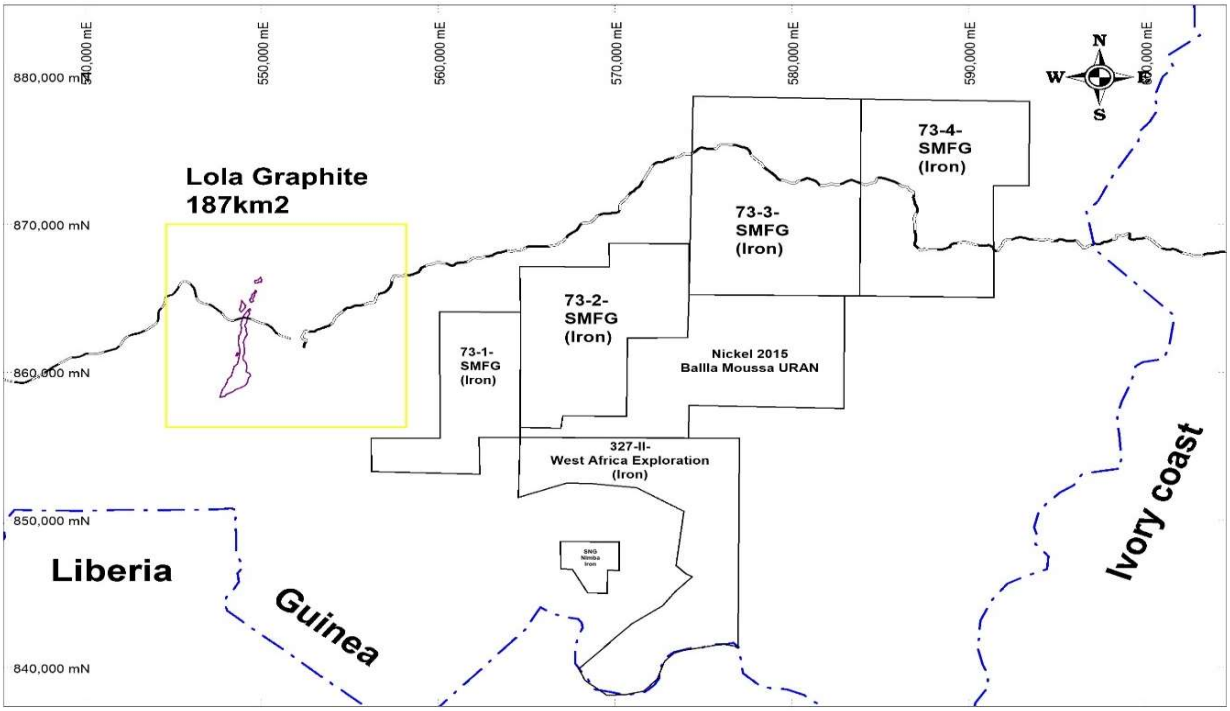


Figure 1: Exploration permits in Guinea

<u>*Exploration Update*</u>

The Lola Graphite deposit is 8.7 kilometers long with an average width of 370, and up to 1,000 meters wide (Figure 2). 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 5,000m drilling program is ongoing. The drilling program started on March 7, 2017 with 850m completed by March 31, 2017. The current drilling is aiming at testing the weathered portion of the deposit from (surface to 20 m deep) with a few meters drilled within the fresh rock. It is expected that the 2017 drilling program will cover approximately 16% of the entire surface area of the deposit (Figure 2 – see p.17).

Three metallurgical tests were performed at Activation Laboratory (Actlab), Ontario, Canada 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 1, Figure 4). Super-jumbo flake size accounts for 29% of the concentrate with purities of 96% and 97% Cg following a weak acid wash.

Table 1: 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, the Company 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.

For the year ended December 31, 2016, the Company capitalized $238,511 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 $2,000,000. 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 off 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.

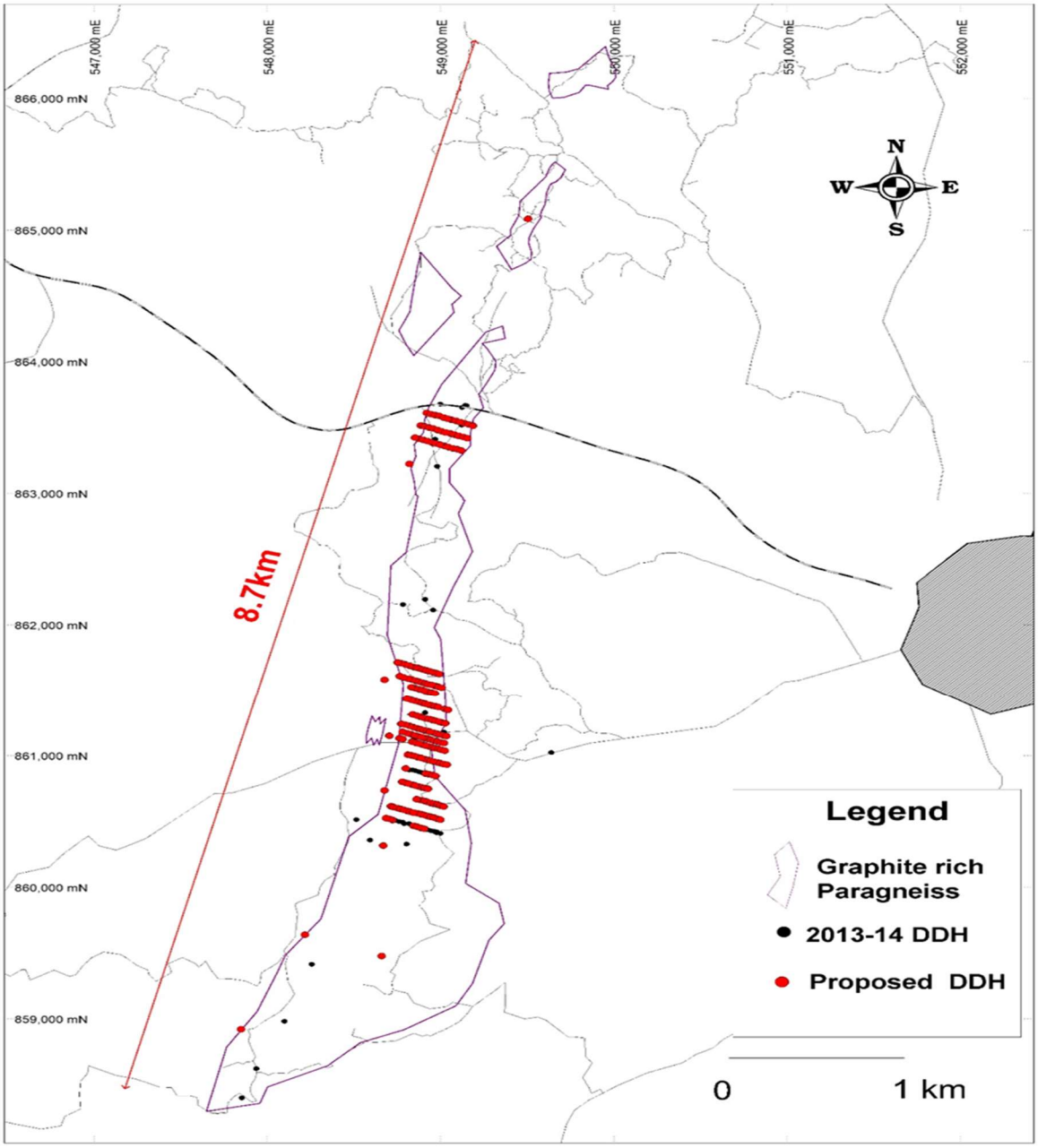
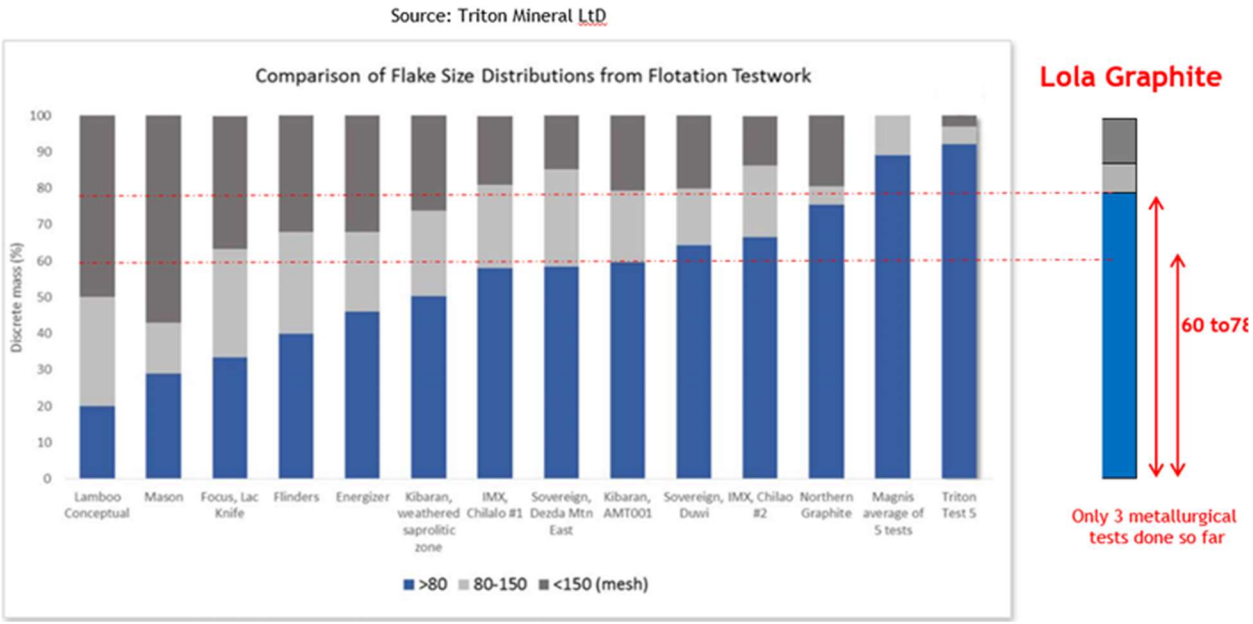


Figure 2: Lola Graphite deposit showing the 2017 drilling program

Figure 3: Lola Graphite deposit showing Coretech drilling rig.

Figure 3: Diamond drilling rig in operation at the Lola Graphite (April 2017) and activities at the core logging area.



Source: Industrial Alliance Securities.

Figure 4: Comparison of Flake Size Distributions from Various Selected Published Sources

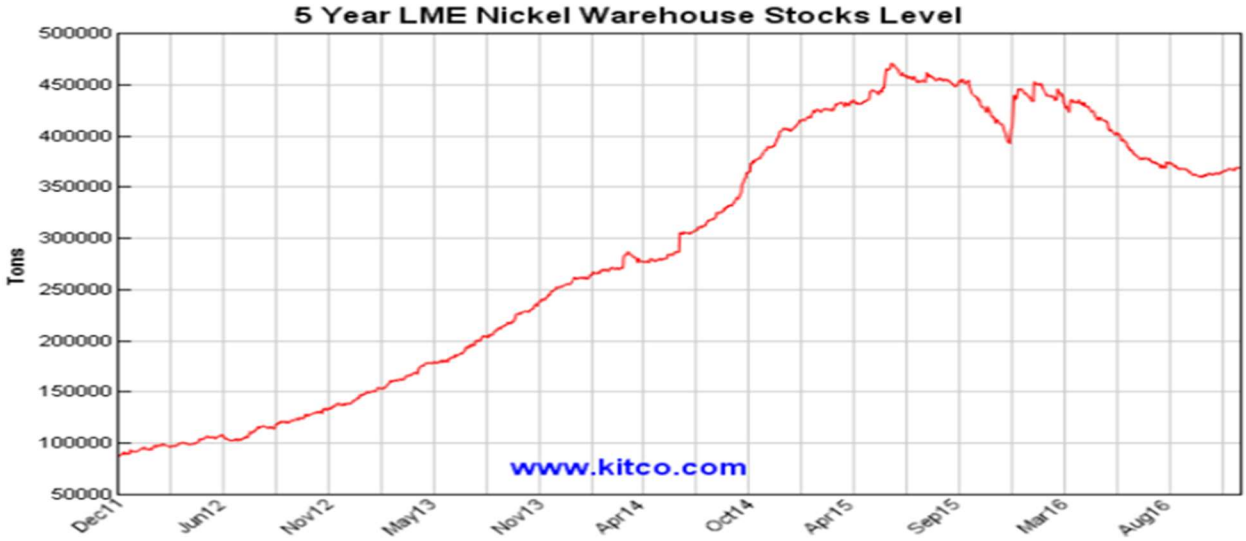
NICKEL MARKET ANALYSIS

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 1 reported values of nickel and copper from December 2011 to September 2016 (source: Kitco.com).

Figure 1: Nickel and Copper values from December 2011 to September 2016.

Rare were markets where prices have rebounded permanently during the last five years. Some analysts even wondered if commodities were not entered a reverse "phenomenon".

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 December 2011 (see Figure 2).



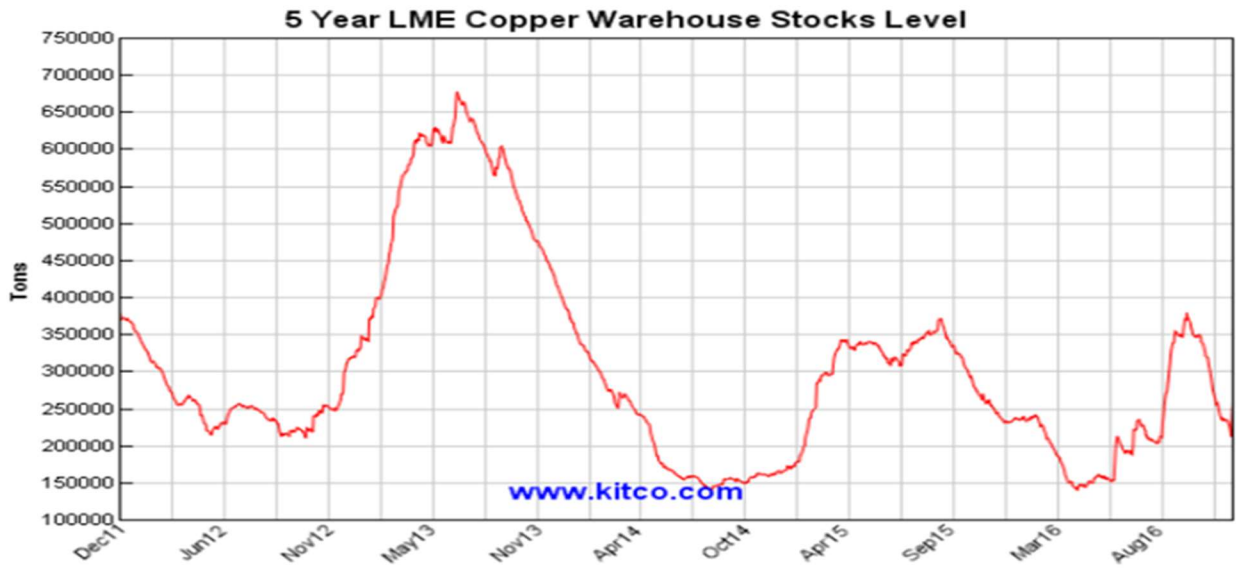


Figure 2: Inventories in Nickel and Copper at the London Stock Exchange (LME) since December 2011.

However, since May 2016, nickel price has jumped 32%, from US$ 4.00/lb to US$ 5.25/lb in September 2016 (Figure 3).

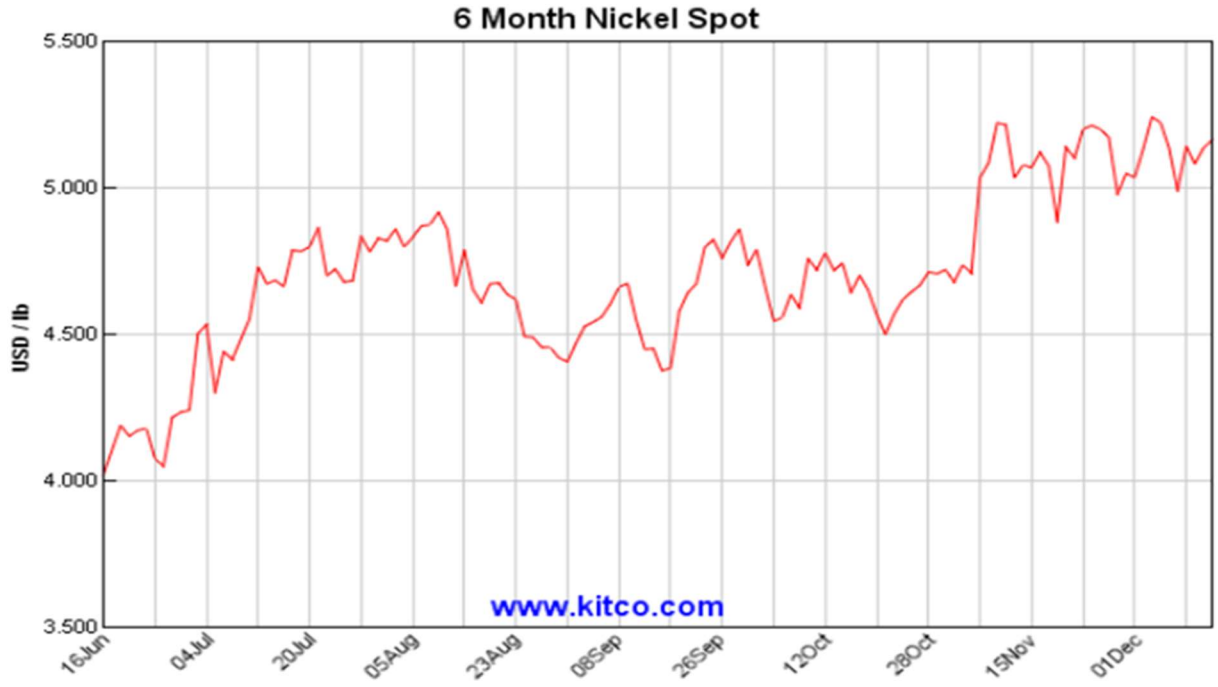


Figure 3: Nickel values in US$/lb

With respect to the Copper market, once again, China is the country that dictates the conditions on the world market, the country representative world 45% of the consumption of the metal. However, after having fallen in recent years to a low point around US$ 5,500 per ton, Copper prices have rebounded early 2016 to US$ 6,000 - 6,500 per ton (Figure 3). This rebound can be explained by the unwinding of speculative positions as a result of the rise in the price of oil and the shutdown of mines (DRC, Zambia, Mongolia...). In addition, the LME's stocks declined by 25% in the second quarter of 2016 to about 220,000 tons (see Figure 3).

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

Since mid-2016, the Philippine Department of natural resources closed several nickel laterite operations that were not environmentally compliant and recommends the suspension of activity for more than 30 other nickel mines. Nickel prices adjusted upward. Analysts expect that future closures of mines under the Philippines will increase pressure on nickel. Nickel prices are up about 32% since the beginning of the June 2016, date at which the Philippine President Rodrigo Duterte has accused mining of massive pollution.

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.

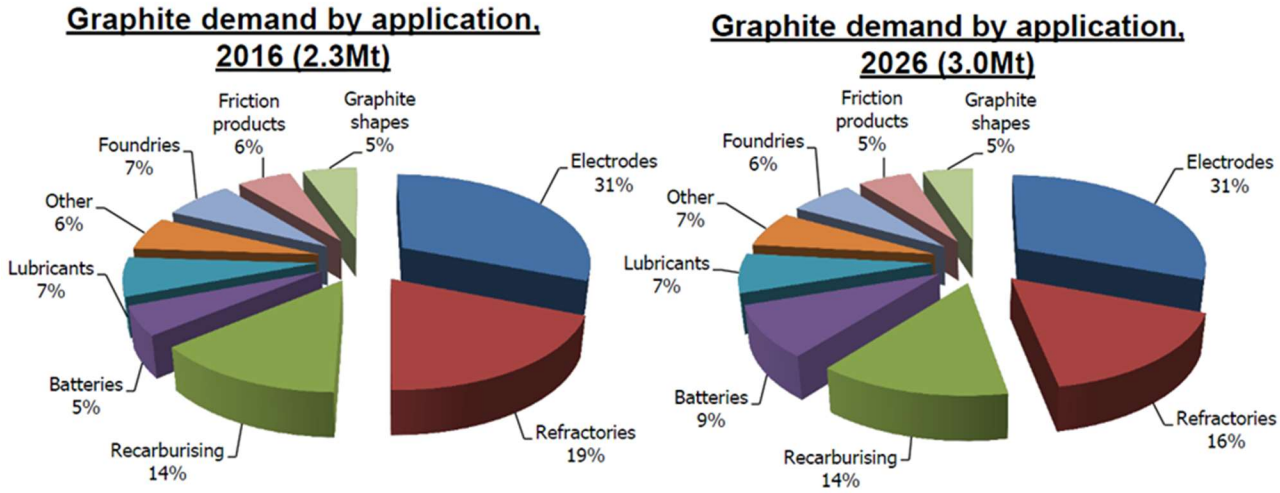
More recently, a new game changer come along in the energy industry – Li-ion batteries – which could potentially require a great deal of graphite in the future.

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-use (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.

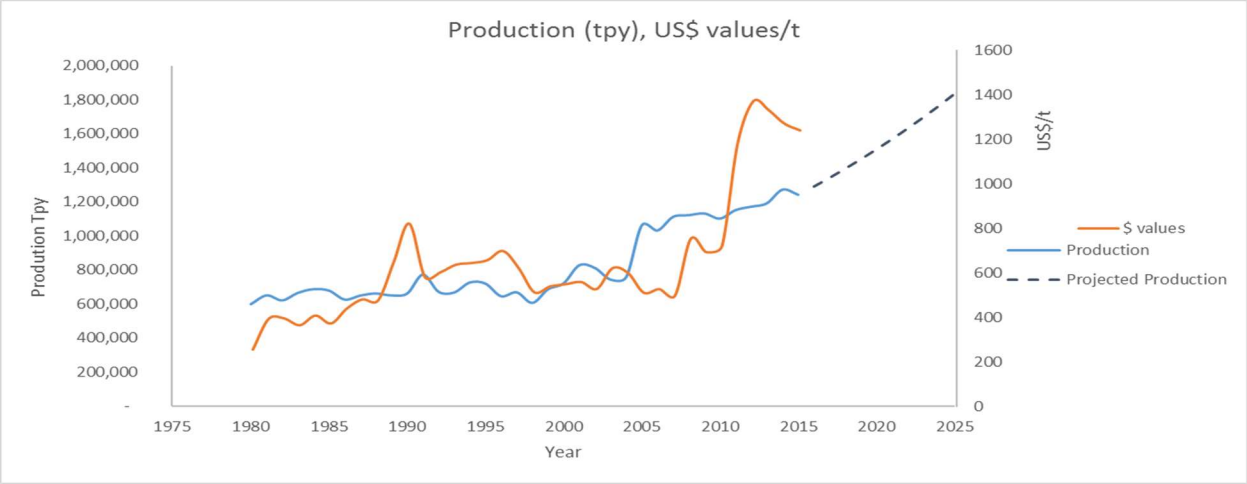
The global demand for graphite has been increasing steadily since the start of the new millennium and from 2000 to 2010 international consumption has doubled. Graphite is considered a key, strategic material in the emerging green technology economy, which includes advances in energy storage, electric 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.

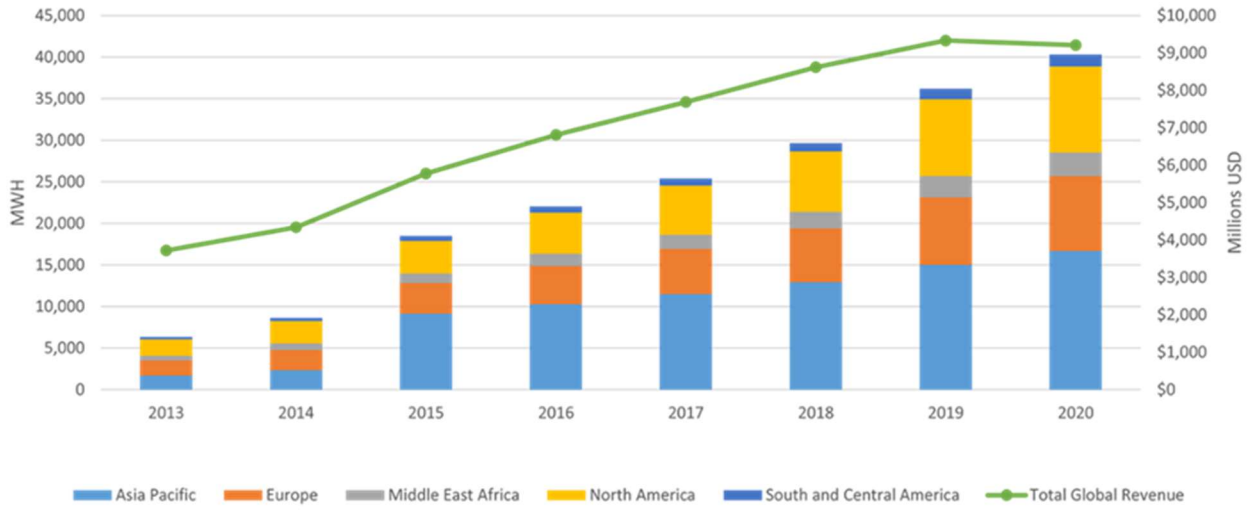
1. **Transportation Batteries**: to power electric vehicles; the electrification of automotive is evolving rapidly from niche to mainstream (significant forecasted growth)

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

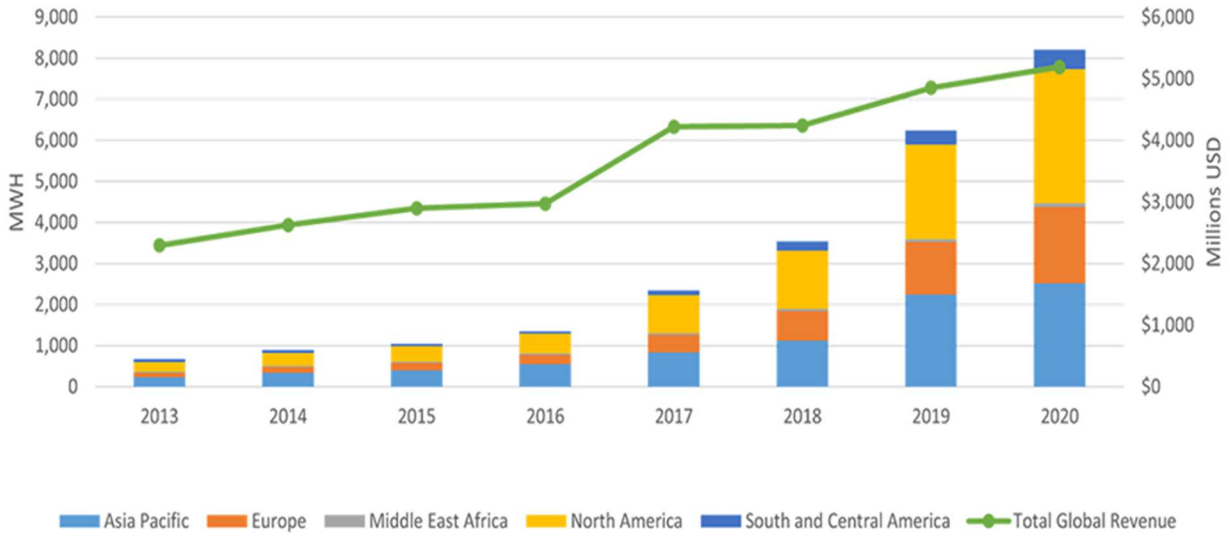
All Applications in Energy Capacity by Region and Global Revenue (2013-2020)



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

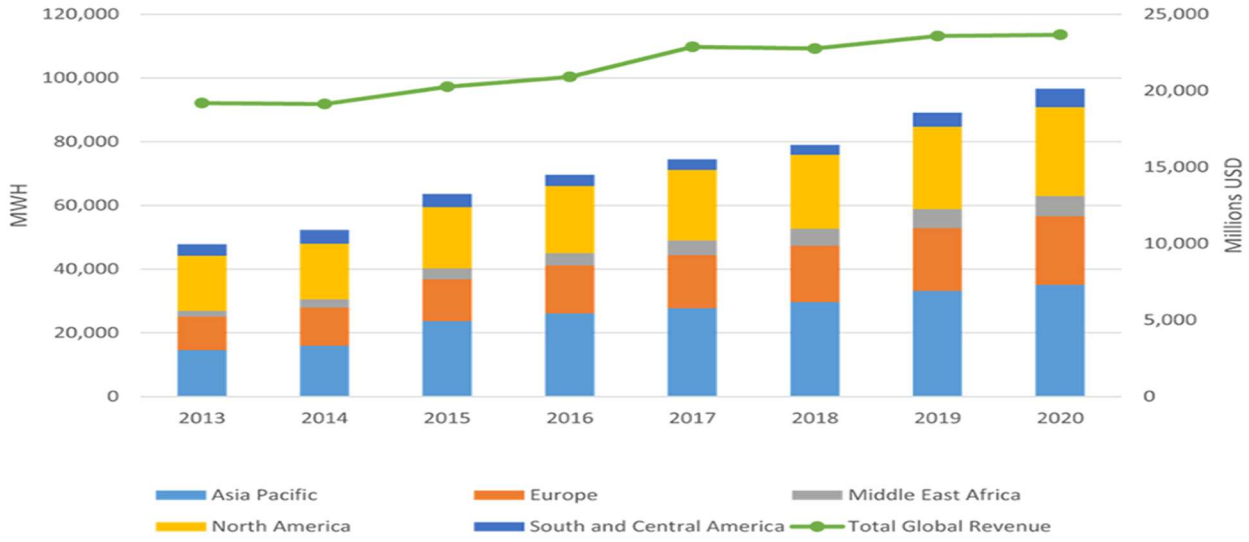
All Applications in Energy Capacity by Region and Global Revenue (2013-2020)



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)

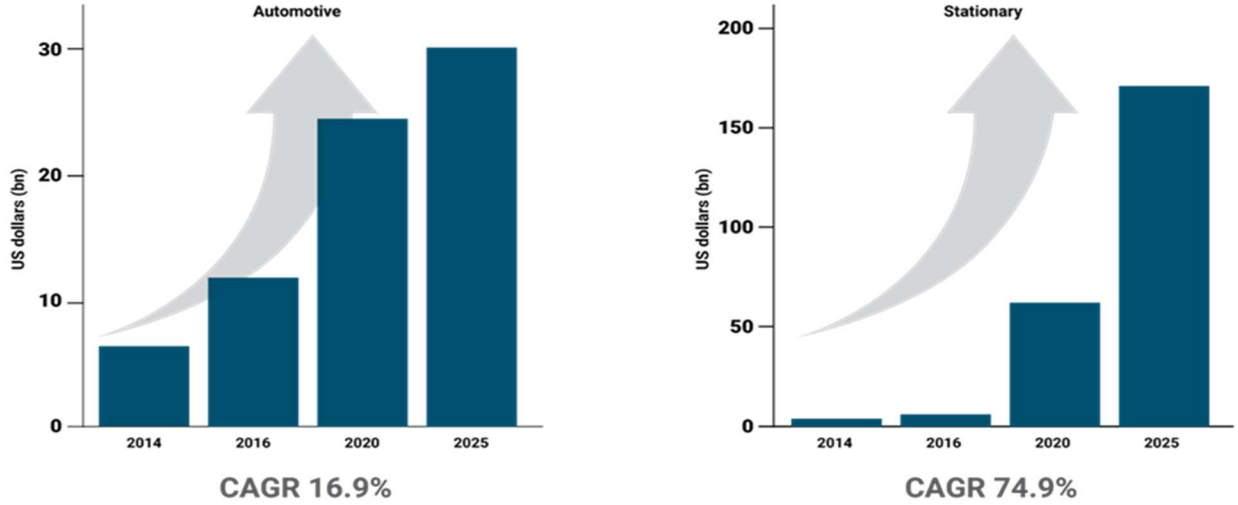
All Battery Market Segments

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 consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the year ended December 31, 2016 of $905,792 (for the fifteen-month period ended December 31, 2015 – $2,528,349) and has an accumulated deficit of $9,848,691 (December 31, 2015 – $9,426,698). In addition, the Company had working capital of $2,058,424 as at December 31, 2016 (December 31, 2015 – $338,947), including cash and cash equivalents of $2,579,417 (December 31, 2015 – $494,671). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. During the year ended December 31, 2016, the Company raised $1,060,050 through the issuance of units. Subsequent to December 31, 2016, the Company raised additional $2,700,075 through the issuance of 18,000,488 units. Based on the extent of the Company's current development plan and anticipated exploration, the Company will need to raise additional financing within the next 9-12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

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

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

Reverse Takeover transaction

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

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

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

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

Selected financial data

The following selected financial data is derived from the audited consolidated financial statements of the Company for the year ended December 31, 2016, the fifteen-month period ended December 31, 2015, and the year ended September 30, 2014.

	Year Ended December 31, 2016	Fifteen-Month Period Ended December 31, 2015	Year Ended September 30, 2014
	$	$	$
Operations:			
Other revenues	87,636	30,421	-
Net loss	905,792	2,528,349	1,491,135
Net loss per share	0.01	0.03	0.02
Balance Sheet:			
Working capital	2,058,424	338,947	218,762
Total assets	22,881,318	20,275,455	20,119,430
Total liabilities	614,765	253,858	317,504

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

Quarterly results

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for the audited consolidated financial statements for the year ended December 31, 2016.

	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015
	$	$	$	$	$	$	$	$
Revenues	13,820	2,350	25,595	45,871	30,421	-	-	-
Net loss	(165,217)	(268,641)	(247,385)	(224,549)	(256,908)	(1,256,793)*	(376,619)	(276,660)
Net loss per share	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00

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

Operating Results analysis

For the three months ended December 31, 2016, the Company recorded a net loss of $165,217 compared to $256,908 for the same period in 2015, a decrease of $91,691. This decrease in net loss is mainly due a decrease office supplies, utilities, and rent ($76,062) and stock-based compensation ($36,737). However, these decreases were offset by an increase in professional fees ($26,462).

For the year ended December 31, 2016, the Company recorded a net loss of $905,792 compared to $2,528,349 for the fifteen-month period ended December 31, 2015, a decrease of $1,622,557. This decrease in net loss is mainly due to the exploration and evaluation assets impairment ($959,222) recognized on the Lola Base Metal property in 2015 as well as to management efforts to reduce expenditures and to the fact that the comparative numbers includes an additional three months of expenses reported from October 1st, 2014 to December 31, 2014. The most significant decreases are in consulting fees ($81,751), office supplies, utilities and rent ($70,702), office administration ($209,471), travel fees ($63,442) and stock-based compensation ($224,126).

Cash Flows analysis

	Year Ended December 31, 2016	Fifteen-Month Period Ended December 31, 2015
	$	$
Cash used in operating activities	(374,765)	(1,244,626)
Cash used in investing activities	(112,574)	(1,095,263)
Cash generated by financing activities	2,575,085	2,388,099

Operating Activities

Operating activities required cash flows of $374,765 for the year ended December 31, 2016 compared to $1,244,626 for the fifteen-month period ended December 31, 2015, a decrease of $869,861. This decrease in the use of cash flows is mainly due to the net loss decrease after adjustment for items not affecting cash which went from $1,200,107 to $766,239 in 2016. In addition, the non-cash working capital items generated cash flows of $391,474 during the year ended December 31, 2016 compared to the use of cash flows of $44,519 for the fifteen-month period ended December 31, 2015.

Investing Activities

Investing activities required cash flows of $112,574 for the year ended December 31, 2016 compared to $1,095,263 for the fifteen-month period ended December 31, 2015, a decrease of $982,689. During the year ended December 31, 2016, the Company acquired $499,231 in cash as part of the Reverse Takeover transaction, sold some exploration equipment for total proceeds of $226,948 and reduced its exploration and evaluation expenditures which went from $1,091,551 for the fifteen-month period ended December 31, 2015 to $836,534 for the year ended December 31, 2016.

Financing Activities

Financing activities generated cash flows of $2,575,087 for the year ended December 31, 2016 compared to $2,388,099 for the fifteen-month period ended December 31, 2015, an increase of $186,988 which is mainly related to the completion of private placements for total gross proceeds of $2,815,050, including the concurrent financing from the Reverse Takeover of $1,755,000, in 2016 compared to the completion of private placements for total gross proceeds of $2,688,940 in 2015.

TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel:

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

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

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

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

Transactions with other related parties:

During the year ended December 31, 2016, the Company incurred $19,833 (for the fifteen-month period ended December 31, 2016 – $91,958) for professional fees, office supplies, utilities and rent with corporations with a director or officers in common.

Termination and Change of Control Provisions

Certain employment agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause as of the date hereof, total amounts payable to the executive team in respect of severance would have totaled $265,000. If a change of control had occurred as of the date hereof, total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled $265,000.

COMMITMENTS

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

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

The Company has entered into consulting agreements for investor relation services, general business development and for a scoping study which will call for total payments of $762,150.

Minimum annual payments relating to the above commitments are $774,271 in 2017 and $47,750 in 2018.

OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
Outstanding as of April 28, 2017	136,955,775
Shares reserved for issuance pursuant to warrants outstanding	44,920,168
Shares reserved for issuance pursuant to stock options outstanding	10,800,000
Shares outstanding - fully diluted	192,675,943

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

Number Outstanding	Exercise Price	Expiry Date
1,400,000	0.32	June 6, 2017
1,000,000	0.33	October 14, 2017
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
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
10,800,000		

As at the date of this MD&A, the Company had outstanding warrants enabling holders to acquire common shares of the Company 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
14,345,601	0.20	April 19, 2022
4,273,327	0.20	April 25, 2022
44,920,168	$ 0.21	

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 Development

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

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

Supplies, Health and Infrastructure

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