SAMA RESOURCES INC.

Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

TSX-V: SME

SAMA RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2018

Independent Auditor's Report

To the Shareholders of
Sama Resources Inc.

We have audited the accompanying consolidated financial statements of Sama Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sama Resources Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	2017	2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		4,185,560	2,579,417
Trade and other amounts receivable		63,964	14,914
Sales taxes receivable		79,097	45,672
Advance to a related company, without interest, reimbursable on demand		16,418	-
Prepaid expenses and deposits		36,577	33,186
Deferred transaction costs		80,142	-
		4,461,758	2,673,189
Non-current assets			
Deposit on exploration and evaluation assets		39,578	-
Property, plant and equipment	7	286,713	313,812
Investment in associate	8	30,687,029	-
Exploration and evaluation assets	9	21,111,239	19,894,317
		52,124,559	20,208,129
Total assets		56,586,317	22,881,318
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		491,794	614,765
Non-current liabilities			
Deferred tax liability	12	4,773,863	-
Total liabilties		5,265,657	614,765
SHAREHOLDERS' EQUITY			
Share capital	10	34,264,927	27,862,489
Contributed surplus	11	3,750,352	3,082,518
Retained earnings (deficit)		13,305,381	(9,848,691)
Equity attributable to Sama shareholders		51,320,660	21,096,316
Non-controlling interests	2 and 3	-	1,170,237
Total equity		51,320,660	22,266,553
Total liabilities and equity		56,586,317	22,881,318

Nature of operations and liquidity risk (Note 1)
Subsequent events (Note 20)

On behalf of the Board of Directors,

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

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

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Years ended December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	2017	2016
		$	$
Revenue		18,865	87,636
Direct costs		(15,395)	(101,475)
Gross profit (loss) (excluding depreciation)		3,470	(13,839)
Operating expenses			
Consulting		663,041	243,747
Office administration		264,893	232,094
Professional fees		305,546	121,444
Travel and representation		217,374	31,751
Office supplies, utilities and rent		139,628	69,128
Investor relations		96,800	2,033
Transfer agent and filing fees		59,174	24,095
Shareholder information		25,310	12,615
Insurance		39,768	26,544
Depreciation	7	7,530	5,308
Exploration and evaluation assets impairment	9	11,629	-
Stock-based compensation	11	1,708,901	135,795
Total operating expenses		3,539,594	904,554
Loss before other income (expenses) and income taxes		(3,536,124)	(918,393)
Other income (expenses)			
Foreign exchange gain (loss)		(49,913)	10,923
Interest income		7,593	128
Share of loss of associate	8	(135,805)	-
Loss (gain) on disposal of property and equipment	7	(33,189)	1,550
Gain resulting from loss of control of a subsidiary	2	28,454,689	-
		28,243,375	12,601
Income (loss) before income tax		24,707,251	(905,792)
Income taxes			
Deferred tax expense	12	(4,834,845)	-
Net income (loss) and comprehensive income (loss)		19,872,406	(905,792)
Net income (loss) attributable to:			
Sama shareholders		20,979,221	(905,792)
Non-controlling interests	2	(1,106,815)	-
		19,872,406	(905,792)
Net income (loss) per commons share	19		
Basic earnings (loss) per common share		0.16	(0.01)
Diluted earnings (loss) per common share		0.15	(0.01)

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	Share capital		Contributed surplus	Retained earnings (deficit)	Total attributable to the owners of the parent company	Non-controlling interest	Total
		Number	$	$	$	$	$	$
Balance on January 1st, 2016		108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597	-	20,021,597
Issuance of units under private placements	10	10,600,500	1,020,300	39,750	-	1,060,050	-	1,060,050
Share issuance costs	10	-	(35,179)	13,624	-	(21,555)	-	(21,555)
Stock-based compensation	11	-	-	135,795	-	135,795	-	135,795
Warrants extension	10	-	-	322,152	(322,152)	-	-	-
Indirect listing of a subsidiary	3	-	-	-	806,221	806,221	1,170,237	1,976,458
Net loss and comprehensive loss		-	-	-	(905,792)	(905,792)	-	(905,792)
Balance on December 31, 2016		118,955,287	27,862,489	3,082,518	(9,848,691)	21,096,316	1,170,237	22,266,553
Issuance of units under private placements	10	18,000,488	2,700,075	-	-	2,700,075	-	2,700,075
Exercise of warrants	10	18,826,528	3,882,371	(119,565)	-	3,762,806	-	3,762,806
Share issuance costs, net of a deferred tax asset of $60,982	10 and 12	-	(180,008)	119,684	-	(60,324)	-	(60,324)
Issuance of common shares and units by a subsidiary		-	-	-	-	-	4,412,488	4,412,488
Effects of changes in ownership of a subsidiary		-	-	-	1,613,158	1,613,158	(1,613,158)	-
Stock-based compensation		-	-	667,715	561,693	1,229,408	654,321	1,883,729
Loss of control over a subsidiary	2	-	-	-	-	-	(3,517,073)	(3,517,073)
Net income (loss) and comprehensive income (loss)		-	-	-	20,979,221	20,979,221	(1,106,815)	19,872,406
Balance on December 31, 2017		155,782,303	34,264,927	3,750,352	13,305,381	51,320,660	-	51,320,660

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

SAMA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2017 and 2016 **(in Canadian dollars)**

	Notes	2017	2016
		$	$
CASH PROVIDED FROM (USED FOR):			
OPERATING ACTIVITIES			
Net income (loss) for the year		19,872,406	(905,792)
Items not affecting cash			
Deferred tax expense	12	4,834,845	-
Depreciation	7	7,530	5,308
Exploration and evaluation assets impairment	9	11,629	-
Stock-based compensation	11	1,708,901	135,795
Loss (gain) on disposal of property, plant and equipment	7	33,189	(1,550)
Share of loss of associate	8	135,805	-
Gain resulting from loss of control of a subsidiary	2	(28,454,689)	-
		(1,850,384)	(766,239)
Change in non-cash working capital items			
Trade and other amounts receivable		(49,050)	38,552
Sales taxes receivable		(67,315)	(25,568)
Advance to a related company		(16,418)	-
Prepaid expenses and deposits		(22,495)	(5,622)
Accounts payables and accrued liabilities		55,221	386,804
Unearned revenue		-	(2,692)
		(100,057)	391,474
		(1,950,441)	(374,765)
INVESTING ACTIVITIES			
Cash acquired through the Reverse Takeover transaction	3	-	499,231
Cash disposed through the loss of control of a subsidiary	2	(3,676,352)	-
Deposit on property, plant and equipment		(64,788)	-
Deposit on exploration and evaluation assets		(39,578)	-
Acquisition of property, plant and equipment	7	(243,179)	(2,219)
Proceeds from disposal of property, plant and equipment	7	-	226,948
Exploration and evaluation expenditures	9 and 13	(3,173,582)	(836,534)
		(7,197,479)	(112,574)
FINANCING ACTIVITIES			
Issuance of units under private placements	10	2,700,075	1,060,050
Exercise of warrants	10	3,762,806	-
Share issuance costs paid	10	(121,306)	(21,555)
Issuance of common shares and units by a subsidiary		4,412,488	-
Concurrent financing from the Reverse Takeover transaction	3	-	1,755,000
Share issuance costs paid for the Reverse Takeover transaction	3	-	(218,410)
		10,754,063	2,575,085
Increase in cash during the year		1,606,143	2,087,746
Cash and cash equivalents, beginning of year		2,579,417	491,671
Cash and cash equivalents, end of year		4,185,560	2,579,417

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

NOTE 1. NATURE OF OPERATIONS AND LIQUIDITY RISK

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

These financial statements were authorized for publication by the Board of Directors on April 30, 2018.

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

Management of the Company believes that it has sufficient funds or access to funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond December 31, 2018, and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

NOTE 2. NON-CONTROLLING INTERESTS AND DECONSOLIDATION OF A SUBSIDIARY

On December 31, 2016, as part of the Reverse Takeover described in Note 3, the Company acquired a 49.16% ownership interest in SRG and determined that the Company had control over SRG. The Company assessed its investment in SRG and judged that it had maintained control over SRG as defined by IFRS 10 and continued to consolidate SRG from January 1, 2017 to November 23, 2017. Following the nomination of three additional board members and pursuant to additional equity issuances which reduced the Company's interest in SRG to 40.24% on November 23, 2017, management determined that SRG no longer required to be consolidated and now accounts for the retained investment in SRG as an investment in associate using the equity method. A gain resulting from loss of control of a subsidiary of $28,454,689 and an equity investment in SRG of $30,822,834 were recognized.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 2. NON-CONTROLLING INTERESTS AND DECONSOLIDATION OF A SUBSIDIARY (Continued)

The carrying value of SRG's net assets deconsolidated and the gain resulting from loss of control of a subsidiary are as follows:

	November 23, 2017
	$
Cash and cash equivalents	3,676,352
Sales taxes receivable	33,890
Prepaid expenses and deposits	19,104
Deposit on property and equipment	64,788
Property and equipment	62,926
Exploration and evaluation assets	2,311,290
Accounts payables and accrued liabilities	(283,132)
	5,885,218
Non-controlling interest	(3,517,073)
	2,368,145
Fair value of the investment in SRG	30,822,834
Gain resulting from loss of control of a subsidiary	28,454,689

NOTE 3. 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.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements, except for the new accounting standards adopted in 2017 (Note 5).

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

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

As at December 31, 2016 and 2017, the subsidiaries of the Company are as follows:

		2017	2016
Subsidiaries	Jurisdiction of incorporation	% of ownership	% of ownership
Sama Nickel Corporation ("Sama Nickel")	Canada	100%	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast	100%	100%
Sama Graphite Inc. ("SRG")	Canada	-%	49%
Sama Resources Guinee SARL ("Sama Guinee")	Guinea	-%	49%

On November 23, 2017, SRG and Sama Guinee were deconsolidated as described in Note 2.

Non-controlling interests

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

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associate

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

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

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

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

Functional and presentation currency

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

The consolidated financial statements are presented in Canadian dollars.

Foreign currency transactions

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

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty and which are subject to an insignificant risk of change in value.

Exploration and evaluation (“E&E”) assets

The Company is in the exploration stage with respect to its investment in E&E assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. E&E expenditures include expenses directly attributable to the related activities.

The aggregate costs related to abandoned mineral properties are recognized as an impairment charge in the statement of income (loss) and comprehensive income (loss) at the time of any abandonment, when the permits expired and are not renewed or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

Property, plant and equipment ("PP&E")

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

The cost of a PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

PP&E are recorded at cost and depreciated as follows:

	Straight-line method
Other equipments	
Computer equipment	3 years
Furniture	5 years
Building	7 years
Exploration equipments	5 to 8 years

PP&E are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of income (loss) and comprehensive income (loss). Depreciation expense is capitalized to E&E assets when related to a specific E&E project.

During the year ended December 31, 2017, the Company changed its property, plant and equipment depreciation accounting policy from a decline balance method to a straight-line method. This change had no significant impact.

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets
At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of income (loss) and comprehesive income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of income (loss) and comprehesive income (loss).

Financial instruments
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

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

If there is objective evidence of an impairment loss, the amount of the loss is equal to the difference between the carrying value of the asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying value of the asset is reduced by using an allowance account. When assets are deemed to be uncollectible, they are written off against the allowance account. When the amount of the impairment loss decreases in a subsequent period and when this decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal is limited to the amortized cost that would have been obtained at the date of impairment reversal had the impairment not been recognized. The amount of impairment loss and the amount of the reversal are recognized in income or loss.

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Company's financial instruments consist of the following:

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

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

Capital
Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any related income tax effects.

Equity financing
The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached warrants.

Share-based payments
The fair value, at the grant date, of equity-settled share-based awards is recognized as an expense over the period for which the benefits of employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes valuation model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price

The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service and vesting conditions are met. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of income (loss) and comprehesive income (loss) except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss). Current tax expense, if any, is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Earnings (loss) per share

Basic earnings (loss) per share (“EPS”/"LPS") is calculated by dividing the net income (loss) for the period attributable to the shareholders of Sama by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding for dilutive potential common shares. The Company’s potentially dilutive common shares are comprised of stock options and warrants. The number of common shares included is computed using the treasury stock method unless they are anti-dilutive. Under this method, the proceeds from the exercise of such instruments are assumed to be used to purchase common shares at the average market price for the period and the difference between the number of common shares issued upon exercise and the number of common shares assumed to be purchased is included in the calculation.

Revenue recognition

Revenue from drilling contracts is recognized on the terms of customer contracts that generally provide for revenue recognition on the basis of actual metres/footage drilled at contract rates. Revenue from ancillary services is recorded when the services are rendered. Contract prepayments and amounts pre-billed for mobilization and de-mobilization equipment and personnel moves are deferred to unearned revenue until performance is accomplished.

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

NOTE 4. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income or loss on a straight-line basis over the period of the lease. Related costs, such as those relating to the maintenance and insurance, are expensed as incurred.

NOTE 5. CHANGES IN ACCOUNTING POLICIES

Accounting standards and interpretations issued and in effect

IAS 7 – Statement of cash flows

In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment was mandatory for reporting periods beginning on or after January 1, 2017.

During the year ended December 31, 2017, the Company loss control over a subsidiary. Cash flows resulting from that loss of control have been presented separately in the investing activities. See Note 2 for additional information.

Accounting standards and interpretations issued but not yet adopted

IFRS 9 – Financial instruments, classification and measurement

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

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability and own credit. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company assessed the impact of adoption of IFRS 9 on its financial statements, and determined that no significant changes were expected.

IFRS 15 - Revenue from contracts with customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The Company assessed the impact of adoption of IFRS 15 on its financial statements, and determined that no significant changes were expected.

NOTE 5. CHANGES IN ACCOUNTING POLICIES (Continued)

IFRS 2 – Share-based Payment

In 2016, the IASB issued the final amendments to IFRS 2 Share-based Payment ("IFRS 2") in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: the effects of vesting conditions on the measurement of cash-settled share-based payments; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The amendments are to be applied prospectively. However, retrospective application is permitted if elected for all three amendments and other criteria are met. The Company assessed the impact of adoption of IFRS 2 on its financial statements, and determined that no significant changes were expected.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, Leases, which eliminates the classification of leases as either operating or finance leases for a lessee. Under IFRS 16, all leases are considered finance leases and will be recorded on the balance sheet. The only exemptions to this classification will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases as finance leases under IFRS 16 will increase lease assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for lease assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. IFRS 16 is effective from January 1, 2019 with early application permitted in certain circumstances. The extent of the impact of adoption of IFRS 16 has not yet been determined.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

In 2016, the IASB issued IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22"), which provides requirements about which exchange rate to use when recognizing revenue in circumstances where an entity has received advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. On initial application, entities have the option to apply either retrospectively or prospectively. The Company assessed the impact of adoption of IFRIC 22 on its financial statements, and determined that no significant changes were expected.

NOTE 6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant judgments and estimation uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Liquidity risk

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

NOTE 6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Impairment of non-financial assets

The recoverable amounts with respect to non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts and these differences may be significant and could have a material impact on the Company's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted nickel prices.

Determination of the functional currencies of the subsidiaries

A number of judgments were made in the determination of the subsidiaries' functional currency. If a different conclusion had been reached for any one of those assumptions, it could have resulted in the identification of functional currency different from the one actually identified by the Company.

Determination of the ownership of mining property title

Management must determine if it still holds the legal title of its mining properties in West Africa on a continuous basis. In certain cases, to conclude on the validity of the legal title, significant judgement is required in determining if the Company met all of its commitments and obligations. For certain mining properties for which the last renewal period occurred before the year-end, management exercised its judgement and consider the communications with the government, to conclude on the ownership and validity of the titles. Note 9 of these consolidated financial statement provide background information around those judgements.

Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

Management continually evaluates the likelihood that it is probable that its deferred tax assets will be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Exploration equipments	Buildings	Other equipments	Total
	$	$	$	$
Cost				
Balance as at January 1st, 2016	1,342,080	41,861	80,582	1,464,523
Acquisitions	-	2,218	-	2,218
Disposals	(491,438)	-	(4,781)	(496,219)
Balance as at December 31, 2016	850,642	44,079	75,801	970,522
Acquisitions	227,300	-	15,879	243,179
Disposals	(79,845)	(2,042)	(54,379)	(136,266)
Deconsolidation (Note 2)	(64,381)	-	(4,767)	(69,148)
Balance as at december 31, 2017	933,716	42,037	32,534	1,008,287
Accumulated amortization				
Balance as at January 1st, 2016	738,414	19,061	62,144	819,619
Depreciation	97,824	4,781	5,308	107,913
Disposals	(267,354)	-	(3,468)	(270,822)
Balance as at December 31, 2016	568,884	23,842	63,984	656,710
Depreciation	160,445	6,188	7,530	174,163
Disposals	(55,298)	-	(47,779)	(103,077)
Deconsolidation (Note 2)	(5,676)	-	(546)	(6,222)
Balance as at December 31, 2017	668,355	30,030	23,189	721,574
Carrying amount				
Balance as at December 31, 2016	281,758	20,237	11,817	313,812
Balance as at December 31, 2017	265,361	12,007	9,345	286,713

During the year ended December 31, 2017, a depreciation expense of $7,530 ($5,308 for the year ended December 31, 2016) was recorded in the consolidated statement of income (loss) and comprehensive income (loss) and $166,633 ($102,605 for the year ended December 31, 2016) was recorded under E&E assets.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 8. INVESTMENT IN ASSOCIATE

On November 23, 2017, as a result of the deconsolidation of SRG (Note 2), an equity investment of $30,822,834 was recorded based on the fair value of the shares held on that date. At that date and as at December 31, 2017, the Company's ownership in SRG is 40.24%. Management has determined that its investment in the common shares of SRG gives it significant influence over SRG. As a result, the Company applied the equity method of accounting for its investment in SRG.

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

	2017
	$
Balance as at November 23, 2017	30,822,834
Share of loss and comprehensive loss	(135,805)
Balance as at December 31, 2017	30,687,029

The fair value of the Company's investment in SRG as at December 31, 2017 was $45,617,794.

The following summarized financial information of SRG as at December 31, 2017 and for the year ended December 31, 2017, including fair value adjustments made at the time of recognition of the interest, is as follows:

	$
Balance sheet	
Current assets	3,332,148
Non-current assets	31,323,064
Current liabilities	573,450
Equity	5,627,073
Net loss and comprehensive loss	
Revenue	-
Net loss and comprehensive loss	2,382,586

NOTE 9. EXPLORATION AND EVALUATION ASSETS

Samapleu Property

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

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

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 9. EXPLORATION AND EVALUATION ASSETS (Continued)

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

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

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for all costs associated with previous exploration work conducted until January 15, 2009 up to a maximum of F CFA 834,999,457 (approximately $1,914,478 as at December 31, 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 represents a total amount of $19,681,336 as at December 31, 2017.

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Ivory Coast 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 work and all studies associated with infrastructures, for no financial consideration.

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

Lola Graphite Property

Sama Guinee owns four licenses to explore a combined 187 square kilometers of property in eastern Guinea. Sama Guinee has agreed to complete an exploration program of GNF 9,361,376,000 (approximately $1,313,087 as at December 31, 2017) by August 29, 2018. The Lola Graphite Property is 100% owned by Sama Guinee.

On November 23, 2017, this property was deconsolidated due to loss of control in SRG as described in Note 2.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 9. EXPLORATION AND EVALUATION ASSETS (Continued)

Worofla Property

On November 7, 2012, Sama CI obtained the exploration permit No. 301 (“PR301) which initially covered 400 square kilometers of property in Ivory Coast. On October 13, 2015, Sama CI applied for the renewal of the exploration permit No. 301 but this application was denied in 2017. Therefore, the property was impaired at December 31, 2017.

Zérégouiné Property

On December 19, 2012, Sama CI obtained the exploration permit No. 300 (“PR300”) which initially covered 387 square kilometers of property in Ivory Coast. On July 11, 2017, the exploration permit was renewed for three years and as per legislation, the surface area was reduced to 290 square kilometers. This reduction in the surface area did not require an impairment of capitalized E&E assets since Sama CI relinquished area where no exploration and evaluation expenditures was done. In accordance with PR300, Sama CI must complete an exploration program of F CFA 614,000,000 ($1,407,773 as at December 31, 2017) by December 18, 2018. The Zérégouiné Property is 100% owned by Sama CI and is adjacent to the Samapleu Property.

Grata Property

On December 9, 2015, Sama CI obtained the exploration permit No. 604 (“PR604”) which covers 80 square kilometers of property in Ivory Coast. In accordance with PR604, Sama CI must incur expenditure commitments of F CFA 663,000,000 (approximately $1,520,119 as at December 31, 2017) before December 8, 2019. The Grata Property is 100% owned by Sama CI and is located adjacent to the north-eastern boundary of the Samapleu Property.

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

	2015	Activity	2016	Activity	2017
	$	$	$	$	$
Samapleu property					
Property acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Assaying	111,925	-	111,925	-	111,925
Geology and prospecting	2,251,827	117,871	2,369,698	125,148	2,494,846
Geophysics	1,044,062	16,796	1,060,858	2,718	1,063,576
Geochemistry	511,016	928	511,944	8,419	520,363
Drilling	4,693,619	16,968	4,710,587	323,603	5,034,190
Metallurgical tests	144,156	-	144,156	26,402	170,558
Airborne survey	-	-	-	193,663	193,663
Environmental study	-	-	-	85,397	85,397
Scoping study	-	-	-	556,109	556,109
Stock-based compensation	-	-	-	39,688	39,688
Camp operations, field supplies and other expenses	4,452,722	178,887	4,631,609	346,928	4,978,537
	17,641,811	331,450	17,973,261	1,708,075	19,681,336

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 9. **EXPLORATION AND EVALUATION ASSETS (Continued)**

	2015	Activity	2016	Activity	2017
	$	$	$	$	$
Lola Graphite property					
Geology and prospecting	55,197	57,829	113,026	199,466	312,492
Geophysics	16	10,148	10,164	55,673	65,837
Geochemistry	12,140	-	12,140	135,128	147,268
Drilling	24,439	235	24,674	380,291	404,965
Metallurgical tests	5,345	7,829	13,174	184,943	198,117
Environmental study	-	-	-	184,976	184,976
Engineering study	-	-	-	76,439	76,439
Camp operations, field supplies and other expenses	317,707	162,470	480,177	305,880	786,057
Stock-based compensation	-	-	-	135,140	135,140
Deconsolidation due to loss of control of SRG (Note 2)	-	-	-	(2,311,291)	(2,311,291)
	414,844	238,511	653,355	(653,355)	-
Worofla property					
Geology and prospecting	1,364	-	1,364	-	1,364
Geophysics	5,912	-	5,912	-	5,912
Camp operations, field supplies and other expenses	3,399	192	3,591	762	4,353
Impairment	-	-	-	(11,629)	(11,629)
	10,675	192	10,867	(10,867)	-
Zérégouiné property					
Geology and prospecting	205,476	122,553	328,029	21,401	349,430
Geophysics	121,792	-	121,792	-	121,792
Geochemistry	8,674	-	8,674	-	8,674
Drilling	258,194	15,869	274,063	2,740	276,803
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	-	-	-	1,430	1,430
Camp operations, field supplies and other expenses	372,704	53,033	425,737	66,174	491,911
	970,416	191,455	1,161,871	91,745	1,253,616
Grata property					
Geology and prospecting	-	8,050	8,050	12,650	20,700
Geophysics	-	16,700	16,700	-	16,700
Drilling	-	36,927	36,927	2,650	39,577
Airborne survey	-	-	-	5,087	5,087
Environmental study	-	-	-	1,590	1,590
Camp operations, field supplies and other expenses	-	33,286	33,286	59,347	92,633
	-	94,963	94,963	81,324	176,287
Total E&E assets	19,037,746	856,571	19,894,317	1,216,922	21,111,239

NOTE 10. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Transactions on share capital

2016

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

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

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

2017

On April 19, 2017, the Company completed the first tranche of a non-brokered private placement by issuing 13,807,161 units at a price of $0.15 per unit for total gross proceeds of $2,071,075. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.20 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. 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. The Company paid a cash commission of $92,766 and issued 698,440 finders' warrants. Each finders' warrant will entitle the holder to purchase one common share at a price of $0.20 per share for a period of 60 months from the date of issuance. The fair value of the 698,440 finders' warrants was estimated at $107,357 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 111.20%, risk free rate of return 0.91%, and expected maturity of five years. The Company also incurred $16,540 in legal and filing fees, which are included as issuance costs.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 10. SHARE CAPITAL (Continued)

On April 25, 2017, the Company completed the second tranche of a non-brokered private placement by issuing 4,193,327 units at a price of $0.15 per unit for total gross proceeds of $629,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.20 per share for a period of 60 months from the date of issuance. Based on the residual method, no fair value was allocated to the warrants. 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. The Company paid a cash commission of $12,000 and issued 80,000 finders' warrants exercisable at a price of $0.20 per share for a period of 60 months from the date of issuance. The fair value of the 80,000 finders' warrants was estimated at $12,327 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 111.60%, risk free rate of return 0.97%, and expected maturity of five years.

During the third quarter of 2017, a total of 50,000 warrants were exercised at a price of $0.15 per warant and 18,776,528 warrants at a price of $0.20 per warrant for total proceeds of $3,762,806.

Warrants

The following table shows the changes in warrants:

		2017		2016
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	26,302,440	0.22	19,004,434	0.25
Granted	18,778,928	0.20	10,779,000	0.15
Exercised	(18,826,528)	0.20	-	-
Expired	(3,600)	0.23	(3,480,994)	0.20
Outstanding and exercisable, end of year	26,251,240	0.22	26,302,440	0.22

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

		2017		2016
Expiration date	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	$		$	
June 19, 2018 (a)	0.28	5,811,092	0.28	5,811,092
August 8, 2018 (a)	0.28	180,909	0.28	182,109
August 26, 2020	0.25	5,295,240	0.25	5,295,240
September 14, 2020	0.25	4,234,999	0.25	4,234,999
May 19, 2021	0.15	2,731,000	0.15	2,731,000
July 29, 2021	0.15	3,998,000	0.15	3,998,000
December 9, 2021	0.15	4,000,000	0.15	4,050,000
		26,251,240		26,302,440

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 10. SHARE CAPITAL (Continued)

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

NOTE 11. STOCK OPTIONS

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

The following table shows the changes in stock options:

		2017		2016
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
		$		$
Outstanding, beginning of year	8,975,000	0.25	9,285,000	0.26
Granted	4,360,000	0.15	450,000	0.15
Expired	(575,000)	0.36	(650,000)	0.40
Cancelled	-	-	(110,000)	0.30
Outstanding, end of year	12,760,000	0.21	8,975,000	0.25
Exercisable, end of year	10,402,500	0.22	8,737,500	0.25

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 11. STOCK OPTIONS (Continued)

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

		2017		2016	
Expiry date	Exercise price	Number outstanding	Number exercisable	Number outstanding	Number exercisable
	$				
January 29, 2017	0.38	-	-	175,000	175,000
February 12, 2017	0.35	-	-	400,000	400,000
January 22, 2018	0.22	55,000	55,000	55,000	55,000
June 3, 2018	0.22	1,400,000	1,400,000	1,400,000	1,400,000
October 24, 2018	0.27	100,000	100,000	100,000	100,000
January 21, 2019	0.23	1,145,000	1,145,000	1,145,000	1,145,000
October 15, 2019	0.275	300,000	300,000	300,000	300,000
June 29, 2021	0.15	400,000	400,000	400,000	200,000
August 31, 2021	0.120	50,000	37,500	50,000	12,500
June 6, 2019	0.18	1,000,000	500,000	-	-
June 6, 2022 (a)	0.32	1,400,000	1,400,000	1,400,000	1,400,000
June 21, 2022	0.155	200,000	100,000	-	-
October 14, 2022 (a)	0.33	1,000,000	1,000,000	1,000,000	1,000,000
April 21, 2025	0.19	2,350,000	2,350,000	2,350,000	2,350,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,900,000	950,000	-	-
March 31, 2027	0.150	500,000	250,000	-	-
April 27, 2027	0.195	100,000	50,000	-	-
November 28, 2027	0.290	660,000	165,000	-	-
		12,760,000	10,402,500	8,975,000	8,737,500

(a) On April 28, 2017, the Board of Directors approved the extension of the expiry date of 1,400,000 stock options issued on June 6, 2012 and expiring on June 6, 2017 and 1,000,000 stock options issued on October 14, 2012 and expiring on October 14, 2017. The original expiry date has been extended for an additional 60 months until June 6, 2022 and October 14, 2022. Using the Black & Scholes valuation model an additional value of $343,930 was calculated and recorded has an increase in contributed surplus as well as an increase of the stock-based compensation.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 11. STOCK OPTIONS (Continued)

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

	2017	2016
Weighted average price at the grant date	0.15 $	0.10 $
Weighted average exercise price	0.15 $	0.15 $
Expected dividend	- $	- $
Expected average volatility	102.82 %	113.9 %
Risk-free average interest rate	1.43 %	0.56 %
Expected average life	7.94 years	5 years
Weighted fair value per share option	0.12$	0.07 $

An expense for stock-based compensation of $667,715 was recognized by Sama during the year ended December 31, 2017 (for the year ended December 31, 2016 – $135,795). An amount of $628,027 (for the year ended December 31, 2016 – $135,795) was recognized in the statement of income (loss) and comprehesive income (loss) and $39,688 (for the year ended December 31, 2016 – nil) was capitalized to the exploration and evaluation assets.

An expense for stock-based compensation of $1,216,014 was recognized by SRG for the period that SRG was part of the consolidation perimeter of Sama (for the year ended December 31, 2016 – nil). An amount of $1,080,874 was recognized in the statement of income (loss) and comprehesive income (loss) and $135,140 was capitalized to the exploration and evaluation assets.

NOTE 12. INCOME TAXES

Major components of tax expense (income)

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

	2017	2016
	$	$
Deferred tax expense (income)		
Origination and reversal of temporary differences	6,224,803	(84,187)
Deferred tax expense arising from the write-down of a deferred tax asset	(1,389,958)	84,187
Total deferred tax expense	**4,834,845**	**-**

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 12. INCOME TAXES (Continued)

Relationship between expected tax expense (income) and accounting profit or loss

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

	2017	2016
	$	$
Loss before income taxes	24,707,251	(905,792)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.80% (26,90% in 2016)	6,621,543	(243,658)
Non-taxable portion of gains	(3,412,587)	-
Loss of tax attributes	3,233,803	-
Gain resulting from loss of control of a subsidiary	(683,904)	-
Stock-based compensation	457,985	-
Non-deductible items	11,689	36,651
Foreign exchange on deferred tax assets	-	107,354
Adjustments from prior years	-	15,092
Other	(3,726)	374
Change in unrecognized temporary differences	(1,389,958)	84,187
Deferred income tax expense	**4,834,845**	**-**

Recognized deferred tax assets and liabilities

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities.

	Balance on January 1, 2017	Profit (loss)	Equity	Balance on December 31, 2017
	$	$	$	$
Deferred income tax liabilities				
Property, plant and equipment	-	(61,318)	-	(61,318)
Investment in associate	-	(3,412,587)	-	(3,412,587)
Exploration and evaluation assets	(3,219,115)	(1,364,127)	-	(4,583,242)
	(3,219,115)	(4,838,032)	-	(8,057,147)
Deferred income tax assets				
Non-capital loss carry forwards	3,219,115	(5,020)	-	3,214,095
Share issuance costs	-	-	60,982	60,982
Property, plant and equipment	-	8,207	-	8,207
	3,219,115	3,187	60,982	3,283,284
Deferred income tax asset (liability)	-	(4,834,845)	60,982	(4,773,863)

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 12. INCOME TAXES (Continued)

	Balance on January 1, 2016	Profit (loss)	Equity	Balance on December 31, 2016
	$	$	$	$
Deferred income tax liabilities				
Exploration and evaluation assets	(2,868,559)	(350,556)	-	(3,219,115)
	(2,868,559)	(350,556)	-	(3,219,115)
Deferred income tax assets				
Non-capital loss carry forwards	2,868,559	350,556	-	3,219,115
Deferred income tax asset (liability)	-	-	-	-

Unrecognized deferred tax assets

As at December 31, 2017 and 2016, the Company has the following temporary differences for which no deferred tax has been recognized:

	2017	2016
	$	$
Equipment	-	20,733
Deductible share issue costs	-	220,533
Non-capital loss carry forwards	136,517	7,243,685
	136,517	7,484,951

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2017, deferred tax assets totalling $36,860 ($5,371,504 at December 31, 2016) have not been recognized.

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 12. INCOME TAXES (Continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Canada	Ivory Coast	Total
			$
2018	-	2,562,898	2,562,898
2026	-	930,960	930,960
2025	14,786	-	14,786
2026	50,297	-	50,297
2027	72,805	-	72,805
2028	74,906	-	74,906
2029	464,777	-	464,777
2030	694,242	-	694,242
2031	761,713	-	761,713
2032	828,187	1,955,922	2,784,109
2033	1,016,786	-	1,016,786
2034	813,639	-	813,639
2035	192,412	-	192,412
2036	609,825	-	609,825
2037	966,153	-	966,153
Losses that may be carried forward indefinitely	-	598,745	598,745
	6,560,528	6,048,525	12,609,053
Non-capital losses recognized against the deferred tax liability	(6,424,011)	(6,048,525)	(12,472,536)
	136,517	-	136,517

NOTE 13. ADDITIONAL CASH FLOW INFORMATION

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

	2017	2016
	$	$
Depreciation included in E&E assets	166,633	102,605
Stock-based compensation included in E&E assets	174,828	-
Change in E&E assets included in accounts payable and accrued liabilities	24,798	82,568
Deferred transaction costs included in accounts payale and accrued liabilities	80,142	-
Finders warrants included in share issuance costs	119,684	13,624

NOTE 14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its exploration and evaluation activities. Therefore, the Company monitors the level of risk associated with its E&E assets relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the exploration and evaluation of its E&E assets, the Company prepares annual expenditure budgets which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its E&E assets for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of its E&E assets.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended December 31, 2017.

The changes in the capital are disclosed in the consolidated statement of equity.

NOTE 15. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company views credit risk on other amounts receivable as minimal. The Company is also exposed to credit concentration risk by holding cash and cash equivalents. This risk is minimized by holding cash and cash equivalents balances with large Canadian financial institutions and a minimal amount in its subsidiary in West Africa.

Liquidity risk
The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2017, the Company had cash and cash equivalents of $4,185,560 ($2,579,417 as at December 31, 2016) to settle account payable and accrued liabilities of $491,794 ($614,765 as at December 31, 2016).

As at December 31, 2017, management considers current funds to be sufficient for the Company to continue operating (Note 1).

Fair value
Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Company's financial instruments as at December 31, 2017 consist of cash and cash equivalents and accounts payables and accrued liabilities. The Company's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

NOTE 15. FINANCIAL RISK FACTORS (Continued)

Market risk

Foreign exchange risk:

As at December 31, 2017, accounts payable and accrued liabilities for an amount of $146,319 (December 31, 2016 - $31,979) were payable in CFA Franc (“F CFA”). Assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the foreign currency would result in an increase or a decrease of approximately $14,632 (December 31, 2016 - $3,198) in the Company’s statement of income (loss) and comprehesive income (loss).

Commodity price risk:

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies, as outlined above. As the Company has not yet developed commercial mineral interests, its exposure to commodity price risk at this time is limited. However, the Company is indirectly exposed to commodity price risk as it impacts the Company’s access to capital and funding.

NOTE 16. RELATED PARTIES

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

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

Transactions with key management personnel:

During the year ended December 31, 2017, the Company incurred fees of $121,400 with the CFO (for the year ended December 31, 2016 – $106,552 with the current and previous CFO). These fees are recorded under professional fees (for the year ended December 31, 2016 – $45,370 under professional fees and $61,182 under consulting fees) in the consolidated statement of income (loss) and comprehensive income (loss). As at December 31, 2017, $10,392 (December 31, 2016 – $31,770) is due to the CFO. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2017, the Company incurred fees of $16,500 (for the year ended December 31, 2016 – nil) to an officer. These fees are recorded under professional fees in the consolidated statement of income (loss) and comprehensive income (loss). As at December 31, 2017 and 2016, no amount was due to the officer.

During the year ended December 31, 2017, the Company paid a salary of $29,500 (for the year ended December 31, 2016 – $28,125) to an officer. These fees are recorded under office administration in the consolidated statement of income (loss) and comprehensive income (loss). As at December 31, 2017 and 2016, no amount was due to the officer.

During the year ended December 31, 2017, the Company incurred fees of $214,672 (for the year ended December 31, 2016 – $275,587) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of $78,915 (for the year ended December 31, 2016 – $119,035) has been recorded under consulting fees in the consolidated statement of income (loss) and comprehensive income (loss) and $135,672 (for the year ended December 31, 2016 – $156,552) has been capitalized to the Company’s exploration and evaluation assets. As at December 31, 2017, $45,000 (December 31, 2016 – $156,895) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

NOTE 16. RELATED PARTIES (Continued)

During the year ended December 31, 2017, Sama recognized a stock-based compensation of $101,771 (for the year ended December 31, 2016 – $85,584) in connection with stock options granted to officers and directors solely and $201,729 in connection with the expiry date extension of stock options previously granted to officers and directors. This stock-based compensation was recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Until the date of deconsolidation (Note 2), SRG recognized a stock-based compensation of $567,519 (for the year ended December 31, 2016 – nil) in connection with stock options granted to officers and directors solely, which was recognized in the consolidated statement of income (loss) and comprehensive income (loss).

As part of Sama's private financing completed in April 2017, officers and directors of Sama 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 year ended December 31, 2017, the Company incurred fees of $105,000 (for the year ended December 31, 2016 – nil) with a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer of that corporation. This amount was recognized under consulting fees in the consolidated statement of income (loss) and comprehensive income (loss). These fees were for legal and technical services which were rendered by employees of the corporation. As at December 31, 2017 and 2016, no amount was due to that corporation.

During the year ended December 31, 2017, the Company incurred fees of $65,831 (for the year ended December 31, 2016 – $9,581) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. An amount of $56,250 was recorded under consulting fees and $9,581 under office supplies, utilities and rent in the consolidated statement of income (loss) and comprehensive income (loss). As at December 31, 2017, $64,673 (December 31, 2016 – nil) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

Termination and Change of Control Provisions
The Company has also entered into consulting agreements with officers and a company controlled by a director for total annual payments of $332,000. The consulting agreements contain termination without cause and change of control provisions. Assuming that this agreement would be terminated without cause during the year ended December 31, 2018, the total amounts payable to the officers in respect of severance would amount $812,000. If a change of control would occur during the year December 31, 2018, the total amount payable in respect of severance, if elected by the officers would amount $812,000.

NOTE 17. COMMITMENTS

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.

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

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 17. COMMITMENTS (Continued)

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

Additional highlights of the term sheet include the following:

- HPX will have a pre-emptive/anti-dilution right to maintain its ownership percentage in the Company in future equity financings as long as the holdings of common shares of the Company by HPX and its affiliates remains above 10%;

- HPX will have the right, but not the obligation, to nominate and have appointed: (i) two directors to the board of the Company as long as its shareholding in the Company remains above 10%; and (ii) four directors if its shareholding is greater than 50%;

The transactions contemplated by the term sheet remain subject as at December 31, 2017, to completion of a due diligence by HPX and the settling and execution by HPX and the Company of definitive agreements (including a subscription agreement, an investment agreement, a joint venture and an earn-in agreement), as well as subject to approval of the applicable regulatory authorities, including the TSX-V, final board approvals of both parties and the Company's shareholders approval. This transaction was completed on April 13, 2018 as described in Note 20.

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 $8,750 in 2018.

The Company has operating lease commitments for offices premises in Abidjan, Ivory Coast, West Africa, expiring until March 31, 2019 which will call for total rent payments of F CFA 19,350,000 (approximately $44,365 at December 31, 2017), as F CFA 14,850,000 in 2018 (approximately $34,048 in 2018) and F CFA 4,500,000 in 2019 (approximately $10,318 in 2019).

The Company has entered into consulting agreements for various services which will call for total payments of $269,615 in 2018.

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

	$
2018	312,412
2019	10,318
	322,730

At December 31, 2017 and 2016 (in Canadian dollars)

NOTE 18. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at December 31, 2017 and 2016, the Company's non-current assets are located in the two geographics areas as set out below:

			2017
	Canada	Ivory Coast	Total
	$	$	$
Deposit on exploration and evaluation assets	-	39,578	39,578
Property, plant and equipment	-	286,713	286,713
Exploration and evaluation assets	-	21,111,239	21,111,239
Investment in associate	30,687,029	-	30,687,029
	30,687,029	21,437,530	52,124,559

			2016
	Guinea	Ivory Coast	Total
	$	$	$
Property, plant and equipment	24,276	289,536	313,812
Exploration and evaluation assets	653,355	19,240,962	19,894,317
	677,631	19,530,498	20,208,129

NOTE 19. EARNINGS (LOSS) PER SHARE

	2017	2016
	$	$
Numerator:		
Numerator for basic and diluted earnings (loss) per share	20,979,221	(905,792)
Denominator:		
Weighted average number of common shares outstanding	132,441,909	111,915,480
Effect of potential dilutive securities		
Options	1,450,190	-
Warrants	2,258,737	-
Total potential dilutive securities	3,708,927	-
Adjusted denominator for diluted earnings (loss) per share	136,150,836	111,915,480
Basic earnings (loss) per common share	0.16	(0.01)
Diluted earnings (loss) per common share	0.15	(0.01)

For the year ended December 31, 2016, the diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and stock options.

NOTE 20. SUBSEQUENT EVENTS

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

On January 1, 2018, the Company has entered into a consulting agreement with a corporation controlled by an officer for total annual payments of $75,000. This consulting agreement contain termination without cause and change of control provisions. Assuming that this agreement would be terminated without cause during the year ended December 31, 2018, the total amounts payable in respect of severance would amount to $112,500. If a change of control would occur during the year December 31, 2018, the total amount payable in respect of severance, if elected by the officer would amount to $112,500.

On March 12, 2018, the Company and HPX executed an amended and restated term sheet described in Note 17 with the following key highlights:

- HPX would earn into the Ivory Coast project through Sama Nickel as the joint venture vehicle;

- Pursuant to the terms of the earn-in and joint venture agreement, HPX shall have the ability to earn a 30% interest in the Ivory Coast project by incurring expenditures of $15,000,000. By incurring additional expenditures of $15,000,000 (or, as may be the case, $10,000,000 in certain circumstances discussed as follows) over a maximum of 6 years, including the financing of a bankable feasibility study and the acquisition of an exploitation permit on part of the Ivory Coast project, HPX will be entitled to earn an additional interest in the Ivory Coast project, such that its aggregate interest therein shall be 60%;

- If certain conditions related to the SODEMI/SNC joint venture are not met by an outside date (the earn-in adjustment date), then HPX shall have a period of one month after the earn-in adjustment date to notify the Company in writing as to whether or not it wishes to proceed with the 60% earn-in on the totality of the Ivory Coast project for:

  (i) A reduced additional expenditure of $10,000,000 (instead of $15,000,000) in order to earn its additional 30% interest in all of the Ivory Coast project;

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

On April 11, 2018, the Company's shareholders approved the strategic partnership with HPX and on April 13, 2018, the Company's closed the private placement of $5,250,000 with HPX.

In April 2018, a total of 136,363 warrants were exercised at a price of $0.28 per warrant and 300,000 stock options were exercised at a price of $0.22 per stock option for total proceeds of $104,182.