Sama Resources Inc.

Consolidated Financial Statements
December 31, 2020 and 2019
(in Canadian dollars)

Sama Resources Inc.

CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report

To the Shareholders of Sama Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sama Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Yves Bonin.

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 26, 2021

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

Sama Resources Inc.

Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(in Canadian dollars)

	Notes	December 31, 2020 $	December 31, 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	2,117,842	5,203,928
Trade and other amounts receivable		5,209	2,653
Sales taxes receivable		14,492	68,050
Due from a related company		4,055	4,605
Prepaid expenses and deposits		74,444	98,883
Bridge loan	7	758,685	742,055
Convertible debenture	8	-	1,214,131
Asset held for sale	12	-	5,046,400
Derivative financial instrument	12	-	160,000
		2,974,727	12,540,705
Non-current assets			
Deposit on property, plant and equipment		-	447,414
Deposit on exploration and evaluation assets		75,202	2,496
Property, plant and equipment	10	1,206,526	1,049,933
Warrant	9	47,278	-
Investment in associate	11	8,589,468	12,434,095
Exploration and evaluation assets	13	32,516,537	29,941,480
		42,435,011	43,875,418
		45,409,738	56,416,123
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		860,561	728,862
Non-current liabilities			
Loan payable	14	33,339	-
Deferred tax liability	17	3,163,652	3,260,364
		4,057,552	3,989,226
Shareholders' equity			
Share capital	15	49,179,596	49,159,413
Contributed surplus	16	5,944,000	5,553,417
Deficit		(13,771,410)	(2,285,933)
Total equity		41,352,186	52,426,897
Total liabilities and equity		45,409,738	56,416,123

Nature of operations, going concern and Covid-19	1

On behalf of the Board of Directors,

Signed: **"Benoit La Salle"** **Director**

Signed: **"Marc-Antoine Audet"** **Director**

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

Sama Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended on December 31, 2020 and 2019

(in Canadian dollars)

	Notes	December 31, 2020 $	December 31, 2019 $
Revenue		-	25,397
Direct costs		-	(18,296)
Gross profit		-	7,101
Operating expenses			
Consulting fees		365,010	480,390
Professional fees		264,380	329,963
General and other expenses		238,232	251,823
Travel and representation		83,405	236,112
Salaries and benefits		155,397	198,377
Project evaluation costs		15,027	46,800
Transfer agent and filing fees		24,499	31,311
Shareholders' information fees		16,685	20,128
Depreciation	10	24,231	24,085
Stock-based compensation	16	319,573	1,075,593
Gain on disposal of property, plant and equipment		-	(13,190)
		1,506,439	2,681,392
Operating loss		(1,506,439)	(2,674,291)
Other income (expenses)			
Impairment of investment in associate and asset held for sale	11, 12	(9,115,865)	(9,862,979)
Share of loss of associate	11	(400,800)	(846,785)
Loss on dilution of associate	11	(916,332)	(179,774)
Gain (loss) on fair value of a derivative financial instrument	12	(160,000)	160,000
Gain (loss) on fair value of a convertible debenture	8	254,992	(168,422)
Gain on fair value of warrants	9	47,278	-
Loss on disposal of an asset held for sale	12	-	(189,000)
Interest income		126,643	123,916
Accretion of interest on loan payable	14	(1,819)	-
Government grant	14	8,480	-
Foreign exchange gain (loss)		81,673	(81,181)
		(10,075,750)	(11,044,225)
Loss before income taxes		(11,582,189)	(13,718,516)
Deferred tax income	17	96,712	1,770,852
Net loss and comprehensive loss		(11,485,477)	(11,947,664)
Basic and diluted net loss per common share		(0.05)	(0.06)
Weighted average number of common shares outstanding		216,466,410	195,890,103

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

Sama Resources Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	Notes	Share capital numbers	Share capital $	Contributed surplus $	Retained earnings (deficit) $	Total $
Balance – December 31, 2018		189,426,410	41,680,104	4,428,508	9,661,731	55,770,343
Exercise of warrants	15	26,175,000	7,191,625	(5,375)	-	7,186,250
Exercise of stock options	15, 16	740,000	287,684	(117,484)	-	170,200
Stock-based compensation	16	-	-	1,247,768	-	1,247,768
Net loss and comprehensive loss		-	-	-	(11,947,664)	(11,947,664)
Balance – December 31, 2019		216,341,410	49,159,413	5,553,417	(2,285,933)	52,426,897
Exercise of stock options	15, 16	125,000	20,183	(9,558)	-	10,625
Stock-based compensation	16	-	-	400,141	-	400,141
Net loss and comprehensive loss		-	-	-	(11,485,477)	(11,485,477)
Balance – December 31, 2020		216,466,410	49,179,596	5,944,000	(13,771,410)	41,352,186

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

Sama Resources Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	Notes	December 31, 2020 $	December 31, 2019 $
Cash flows from (used for)			
Operating activities			
Net loss for the year		(11,485,477)	(11,947,664)
Items not affecting cash			
Deferred tax expense (income)	17	(96,712)	(1,770,852)
Depreciation	10	24,231	24,085
Stock-based compensation	16	319,573	1,075,593
Accretion of interest on loan payable	14	1,819	-
Government grant	14	(8,480)	-
Gain on disposal of property, plant and equipment		-	(13,190)
Loss on disposal of an asset held for sale	12	-	189,000
Interest revenue on bridge loan and convertible debenture	7, 8	(107,172)	(94,208)
Gain (loss) on fair value of a derivative financial instrument	12	160,000	(160,000)
Gain (loss) on fair value of a convertible debenture	8	(254,992)	168,422
Gain on fair value of warrants	9	(47,278)	-
Share of loss of associate	11	400,800	846,785
Loss on dilution of associate	11	916,332	179,774
Impairment of investment in associate and asset held for sale	11, 12	9,115,865	9,862,979
		(1,061,491)	(1,639,276)
Change in non-cash working capital items			
Trade and other amounts receivable		140,139	20,867
Sales taxes receivable		53,558	(3,084)
Due from a related company		550	57,739
Prepaid expenses and deposits		24,439	(21,644)
Accounts payable and accrued liabilities		47,332	(101,415)
		266,018	(47,537)
		(795,473)	(1,686,813)
Investing activities			
Bridge loan	7	-	(1,000,000)
Repayment of bridge loan	7	-	300,000
Convertible debenture	8	-	(1,330,400)
Proceeds on disposal of an asset held for sale	12	-	1,321,600
Acquisition of property, plant and equipment	10	(50,042)	(788,548)
Proceeds from the disposal of property, plant and equipment	10	-	13,190
Investment in associate		(125,000)	-
Exploration and evaluation expenditures	13	(2,166,196)	(4,760,799)
		(2,341,238)	(6,244,957)
Financing activities			
Exercise of warrants	15	-	7,186,250
Exercise of stock options	15, 16	10,625	170,200
Loan payable	14	40,000	-
		50,625	7,356,450
Decrease in cash during the year		(3,086,086)	(575,320)
Cash and cash equivalents – Beginning of year		5,203,928	5,779,248
Cash and cash equivalents – End of year		2,117,842	5,203,928

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

1 Nature of operations and going concern

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

These consolidated financial statements were authorized for publication by the Board of Directors on April 26, 2021.

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

Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. As at December 31, 2020, the Company has accumulated deficit of $13,771,410 (December 31, 2019 – $2,285,933) and a working capital of $2,114,166 (December 31, 2019 – $11,811,843), including cash and cash equivalents of $2,117,842 (December 31, 2019 – $5,203,928). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet the Company's obligations, budgeted expenditures and commitments through December 31, 2021. Based on the extent of the Company's current stage and anticipated plan, the Company will need to raise additional financing within the next 9-12 month, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

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

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

COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization. During this period of uncertainty, the Company priority is to safeguard the health and safety of personnel and host communities, support and enforce government actions to slow the spread of COVID-19, and to continually assess and mitigate the risks to the business operations.

The Company has implemented a COVID-19 response plan that includes a number of measures to safeguard against the spread of the virus at its offices and sites. In addition, the Company has limited its operations in Côte d'Ivoire to preserve cash. The Company cannot provide assurance that there will not be disruptions to its operations in the future. If the Company's operations are impacted or expected to be impacted, the Company will seek additional measures to preserve cash, including suspension of discretionary spending and other legal means to reduce and minimize contractual spending.

2 Changes in accounting policies

Accounting standards and interpretations issued and in effect

IAS 1, *Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*

On January 1, 2020, the Company adopted IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") which refines the definition of materiality and clarifies its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The adoption of IAS 1 and IAS 8 had no impact on the consolidated financial statements.

IFRS 3, Business Combinations ("IFRS 3")

On January 1, 2020, the Company adopted IFRS 3, Business Combinations, which clarifies the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination.

The adoption of IFRS 3 had no impact on the consolidated financial statements.

Amendments to IFRS 16 Leases

To provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19 the International Accounting Standards Board ("IASB") proposed an amendment to IFRS 16 which provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. This amendment did not have an impact on the Company's consolidated financial statements as the Company has not received any COVID-19 related rent concessions as of the date of these consolidated financial statements.

3 Basis of presentation and significant accounting policies

Basis of presentation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("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 2020 (Note 2).

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.

(in Canadian dollars)

The Company's subsidiaries, all of which are wholly-owned, are as follows:

	Jurisdiction of incorporation	Ownership 2020 %	Ownership 2019 %
Sama Nickel Corporation ("Sama Nickel")	Canada	100	100
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast	100	100
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast	100	100
Sama Resources International Inc. ("SRI") (a)	Caymans Island	-	100
Sama Resources Development Inc. ("SRDI") (b)	Caymans Island	100	-
Sama Resources Liberia Inc. ("SRL") (b)	Liberia	100	-

a) During the year ended December 31, 2020, the Company transferred its subsidiary Sama Resources International Inc. located in Caymans Island to a Director. Since this subsidiary was inactive, there was no impact on the consolidated financial statements following this transaction.

b) During the year ended December 31, 2020, these subsidiaries were incorporated.

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 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).

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 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 equipment	
Computer equipment	3 years
Furniture	5 years
Building and lease improvements	5 to 7 years
Exploration equipment	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.

Non-current assets held for sale

Non-current assets, or disposed groups consisting of assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. To meet criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sale the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the consolidated statement of loss and comprehensive loss; however, gains are not recognized in excess of any cumulative impairment loss. Upon classifying assets or disposal groups as held for sale, the Company presents the assets separately as a single amount and the liabilities separately as a single amount on the consolidated statements of financial position. When an asset no longer meets the criteria for classification as an asset held for sale, the Company records the asset at the lower of its recoverable amount and the carrying amount before the asset was classified as held for sale.

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 comprehensive 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 comprehensive loss.

Financial instruments

All financial instruments, including derivatives, 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 liabilities are derecognized when the obligation specified in the contract is extinguished, which occurs when it is either discharged, canceled or expired.

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.

<u>Financial Assets</u>

Financial assets and financial liabilities are recognized initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through net income or loss ("FVTPL") or through other comprehensive loss ("FVTOCI"), which are measured initially at fair value. On initial recognition, the Company classifies its financial assets in the following measurement categories:

Amortized costs

Financial assets that are held in a business model with the objective of collecting contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortized cost ("AC"). The Company's cash and cash equivalents, trade and other amounts receivable and the bridge loan are measured at amortized cost as they meet the required criteria. Gains and losses are recognized in the consolidated statement of income (loss) and comprehensive loss when the receivables are derecognized or impaired.

Fair value

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVTOCI. A financial asset shall be measured at FVTOCI if both of the following conditions are met:

i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses will either be recorded in net loss or other comprehensive loss.

The Company's convertible debenture, investment in warrants, asset held for sale and derivative financial instrument are measured at FVTPL as they don't meet the required criteria to be recorded as amortized cost or at FVTOCI.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and through other comprehensive income (loss). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. An external rating of investment grade is considered to indicate that a financial instrument that may be considered as having low credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

<u>Financial liabilities</u>

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial instruments are measured at amortized cost using the effective interest rate method. The Company's accounts payable and accrued liabilities and the loan payable are measured at amortized cost.

Derivative instruments

Derivative instruments are initially recorded at fair value and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net income (loss) or other comprehensive income (loss).

During the year ended December 31, 2019, the Company signed a share purchased agreement to sell 8,300,000 common shares of SRG for an aggregate purchase price of US$5,000,000 to be settled in five tranches (Note 11). For accounting purposes, the settlement terms were considered to be a derivative financial instrument because the share price of SRG's common shares is variable, and the purchase price different from the consideration that would otherwise be obtained at each tranche. At each reporting date, these settlement terms are marked to market based on the share price of SRG's common shares listed on the TSX-V.

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.

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 comprehensive 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

The Company recognizes revenue when: 1) contract with the customer is identified; 2) performance obligation in the contract are identified; 3) transaction price is determined; 4) the transaction price is allocated to the performance obligations; and 5) performance obligations are satisfied.

The Company's revenue is generated from drilling contracts and services contracts with customers. Revenue are recognized on the terms of customer contracts that generally provide for revenue recognition on the basis of actual metres/footage drilled or on actual work performed at contracted 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 contract liabilities until performance is accomplished. As metres are drilled on the customer's contract or as the services is rendered, the Company satisfies its performance obligation to the customer and recognizes revenue. The Company has elected to use the practical expedient as the Company's invoices its customer on a monthly basis based on the drilled metres or based on services rendered which directly corresponds with the value received by customer.

If collection is subsequently determined to be in doubt, an impairment loss under IFRS 9 is recognized against accounts receivable with a corresponding expense included within general and administrative expense in the statement of income (loss) and comprehensive loss; revenue is not adjusted.

4 Future accounting policies

Accounting standards and interpretation issued but not yet adopted

Amendment to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB amended IAS 1, Presentation of Financial Statements, to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company does not expect any impact in its consolidated financial statements upon adoption of this amendment.

Amendments to IAS 16 Property, plant and equipment

The IASB has made amendments to IAS 16 Property, plant and equipment, which will be effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of Property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Company will therefore need to distinguish between the costs associated with producing and selling items before the item of Property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of Property, plant and equipment available for its intended use. For the sale of items that are not part of a company's ordinary activities, the amendments will require the Company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of income (loss) and comprehensive loss. The Company does not expect any impact in its consolidated financial statements upon adoption of this amendment.

5 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:

Going concern

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).

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.

Impairment of investment in associate

The Company follows the guidance of IAS 28, *Investments in Associates and Joint Ventures* to assess whether there are impairment indicators which may lead to the recognition of an impairment loss with respect to its net investment in an associate. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers a formal impairment test. In making this judgement, the Company's management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount, the volatility of the investment and the financial health and business outlook for the investee, including factors such as the current and expected status of the investee's exploration projects and changes in financing cash flows.

Impairment of asset held for sale

The Company must report its assets held for sale at the lower of their carrying amount and fair value less costs to sell. This involves management judgment and requires the Company to perform continuous evaluations of its asset held for sale. In performing its evaluation, the Company analyses the quoted price of the common shares. Management has classified the asset held for sale as a current asset because it expects to realize the asset within the next year. Any change in the assumptions used could impact the carrying value of the asset held for sale on the consolidated statement of financial position with a corresponding impact made to the consolidated statement of loss and comprehensive loss

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 ownership of mining property title

Management must determine if it still holds the legal title of its mining properties in Ivory Coast, 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 11 of these consolidated financial statements 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.

6 Cash and cash equivalents

	2020 $	2019 $
Cash	1,917,842	5,003,928
Guaranteed investment certificate, maturing on June 2, 2021 redeemable on demand	20,000	20,000
Guaranteed investment certificate, maturing on January 1, 2022 redeemable on demand	30,000	30,000
Guaranteed investment certificate, maturing on May 5, 2021 redeemable on demand	150,000	150,000
	2,117,842	5,203,928

The guaranteed investment certificates are guarantees given to secure some credit facilities and are considered restricted. Those investments can be redeemed anytime if the credit facilities are cancelled.

7 Bridge loan

The Company has a bridge loan of $700,000 with SRG Mining Inc. ("SRG"), an associate. The loan bears interest at 10% per annum and is repayable on or before December 31, 2021. As at December 31, 2020, $758,685 (December 31, 2019 – $742,055) remains unpaid including accrued interest revenue of $58,685 (December 31, 2019 – $42,055).

8 Convertible debenture

The Company entered into an unsecured Convertible Debt Agreement with SRG whereby the Company makes available to SRG a credit facility of up to US$5,000,000 for a twelve-month period. The convertible debenture bears interest at an annual rate of 10% payable at maturity either in cash or common shares of SRG, at the discretion of SRG. The number and terms of the common shares issued to pay such accrued interest will be based upon a price per common share that is not less than the market price of the common shares at the time the accrued interest becomes payable. The principal amount of the convertible debenture is convertible into common shares of SRG at a conversion price of $0.91, at the election of the Company. Upon a conversion, the US$ principal amount will be converted in Canadian dollars based on the prevailing spot rate.

On August 7, 2019, the Company advanced an amount of US$1,000,000 ($1,330,400) to SRG as part of this Convertible Debt Agreement. For accounting purposes, the convertible debenture investment is recognized at Fair value through Profit or Loss ("FVTPL"). At inception, the convertible debenture was recorded at the equivalent of cash consideration paid. As at December 31, 2019, the fair value of the convertible debenture decreased to $1,161,978 resulting in a loss on fair value of $168,422, recorded in the consolidated statement of loss and comprehensive loss, for the period from August 7, 2019 to December 31, 2019. In addition, accrued interest of US$40,068 ($52,153) were recognized.

On April 2, 2020, the Company agreed to convert its convertible debenture of US$1,000,000 ($1,416,970) at a conversion price of $0.91 per common share in exchange for 1,557,110 common shares of SRG. A gain on fair value of $254,992 was recorded in the consolidated statement of loss and comprehensive loss.

(in Canadian dollars)

9 Warrants

On March 3, 2020, the Company acquired 250,000 units of SRG at a price of $0.50 per unit for a total investment of $125,000. Each unit comprises one common share of SRG and one non-transferable share purchase warrant. Each whole warrant entitles the holders to purchase, for a period of 36 months from the date of closing, one additional common share of SRG at an exercise price of $1.00 per warrant. The fair value of the warrants of $46,557 was determined using the Black & Scholes valuation model based on a share price of $0.50, a risk-free interest rate of 0.99%, a volatility of 83.3% and an expected life of 3 years.

At December 31, 2020, the fair value of the warrants of $47,278 was determined using the Black & Scholes valuation model based on a share price of $0.58, a risk-free interest rate of 0.20%, a volatility of 84.60% and an expected life of 2.17 years.

10 Property, plant and equipment

	Exploration equipment $	Buildings and lease improvements $	Other equipment $	Total $
Cost				
Balance – January 1st, 2019	1,600,506	86,799	94,169	1,781,474
Acquisitions	296,434	40,627	4,073	341,134
Disposals	(92,363)	-	-	(92,363)
Balance – December 31, 2019	1,804,577	127,426	98,242	2,030,245
Acquisitions	497,456	-	-	497,456
Balance – December 31, 2020	2,302,033	127,426	98,242	2,527,701
Accumulated amortization				
Balance – January 1st, 2019	771,837	35,531	29,657	837,025
Depreciation	197,757	15,507	22,386	235,650
Disposals	(92,363)	-	-	(92,363)
Balance – December 31, 2019	877,231	51,038	52,043	980,312
Depreciation	301,209	17,125	22,529	340,863
Balance – December 31, 2020	1,178,440	68,163	74,572	1,321,175
Carrying amount				
Balance – December 31, 2019	927,346	76,388	46,199	1,049,933
Balance – December 31, 2020	1,123,593	59,263	23,670	1,206,526

During the year ended December 31, 2020, a depreciation expense of $24,231 (December 31, 2019 – $24,085) was recorded in the consolidated statement of loss and comprehensive loss and $316,632 (December 31, 2019 – $211,565) was recorded under exploration and evaluation ("E&E") assets.

11 Investment in associate

The Company has an investment in associate giving it significant influence over SRG a Canadian-based mineral exploration and development business with activities in Canada and West Africa.

On June 14, 2019, the Company has entered into a share purchase agreement to sell 8,300,000 common shares of SRG to a third party for an aggregate purchase price of US$5,000,000. The Company has classified this portion of its investment in an associate as an asset held for sale (Note 12). Management determined that significant influence remained unchanged and therefore continued to apply the equity method of accounting for the retained interest.

During the year ended December 31, 2019, SRG issued a total of 1,125,000 common shares for total proceeds of $562,500. The Company's ownership in SRG went from 23.56% to 23.19%. Therefore, the Company recorded a loss on dilution of $179,774 on the deemed disposal of a portion of its ownership interest. In addition, the Company determined that impairment indicators led to the recognition of an impairment loss in respect to its net investment in an associate. An impairment loss of $6,550,000 was recognized in the consolidated statement of loss and comprehensive loss.

During the three-month period ended March 31, 2020, SRG issued a total of 4,968,000 units for total proceeds of $2,484,000 under which the Company acquired 250,000 units of SRG at a price of $0.50 per unit for a total investment of $125,000. Each unit comprises one common share of SRG and one non-transferable share purchase warrant (Note 9). SRG also issued 693,493 common shares following the exercise of stock options for total proceeds of $253,125.

Following these transactions, the Company's ownership in SRG went from 23.19% to 21.79%. Therefore, the Company recorded a loss on dilution of $656,774 on the deemed disposal of a portion of its ownership interest, in the consolidated statement of loss and comprehensive loss. In addition, the Company determined that impairment indicators led to the recognition of an impairment loss in respect to its net investment in associate. Therefore, an additional impairment loss of $6,260,665 was recognized in the consolidated statement of loss and comprehensive loss.

On March 31, 2020, the Company terminated the share purchase agreement for the sale of the remaining 6,640,000 common shares of SRG (Note 12) given the inability of the third party to fulfill the initial conditions of the agreement. This portion of investment in SRG previously classified as an asset held for sale was reclassified to investment in associate, increasing the Company’s ownership in SRG to 30.51%.

On April 2, 2020, the Company agreed to convert its convertible debenture of US$1,000,000 ($1,416,970) at a conversion price of $0.91 per common share in exchange for 1,557,110 common shares of SRG. The Company's ownership in SRG went from 30.51% to 31.90%.

On July 2, 2020, SRG issued a total of 2,000,000 units for total proceeds of $1,000,000 and 60,000 units as a finders’ fee evaluated at $30,000. The Company’s ownership in SRG went from 31.90% to 31.07%. Therefore, the Company recorded a loss on dilution of $259,558 on the deemed disposal of a portion of its ownership interest, in the consolidated statement of loss and comprehensive loss.

(in Canadian dollars)

The continuity of the Company's investment in associate is as follows:

	2020 $	2019 $
Balance – beginning of year	12,434,095	29,880,633
Portion classified as an asset held for sale (Note 12)	-	(9,869,979)
Purchase of units	125,000	-
Reclassification from assets held for sale (Note 12)	2,191,200	-
Convertible debenture conversion (Note 8)	1,416,970	-
Impairment	(6,260,665)	(6,550,000)
Share of loss and comprehensive loss	(400,800)	(846,785)
Loss on dilution	(916,332)	(179,774)
Balance – end of year	8,589,468	12,434,095

The fair value of the investment in associate as at December 31, 2020 was $14,387,119 (December 31, 2019 – $12,434,095).

The following summarized financial information of SRG as at December 31, 2020 and 2019 and for the year ended December 31, 2020 and 2019, including fair value adjustments made at the time of recognition of the interest. In addition, considering that the E&E expenditures accounting policy of SRG is different from the Company, the financial information of SRG have been harmonized to the Company's accounting policies:

	2020 $	2019 $
Balance sheet		
Current assets	630,160	360,281
Non-current assets	33,164,365	25,552,301
Current liabilities	2,231,272	4,812,336
Non-current liabilities	47,319	96,250
Equity	14,676,659	11,156,941
Net loss and comprehensive loss		
Revenue	-	-
Net loss and comprehensive loss	2,567,158	4,038,722

(in Canadian dollars)

12 Asset held for sale

On June 14, 2019, the Company has entered into a share purchase agreement to sell 8,300,000 common shares of SRG to a third party for an aggregate purchase price of US$5,000,000. The sale shall occur in five tranches and is expected to fully close by December 15, 2019. The closing of each tranche is conditional on the full and complete closing of each proceeding tranche in accordance with the agreement. The settlement terms are considered to be a derivative financial instrument because the share price of SRG's common shares is variable, and the purchase price different from the consideration that would be otherwise obtained at each tranche. On initial classification as asset held for sale a derivative financial instrument liability of $123,500 was recognized in the consolidated statement of financial position. In addition, the Company assessed the carrying amount and the fair value less cost to sell and recognized an impairment of $3,063,979 in the consolidated statement of loss and comprehensive loss.

On August 5, 2019, a first tranche was completed for an amount of US$1,000,000 ($1,321,600) representing a disposal of 1,660,000 common shares of SRG. As a result of this transaction, the Company recorded a reversal of impairment of $149,400 and a loss on disposal of asset held for sale of $189,000 in the consolidated statement of loss and comprehensive loss.

As at December 31, 2019, the Company recognized a gain on fair value of a derivative financial instrument of $283,500 as well as an impairment of $398,400 in the consolidated statement of loss and comprehensive loss.

On March 31, 2020, the Company terminated the share purchase agreement for the sale of the remaining 6,640,000 common shares of SRG given the inability of the third party to fulfill the initial conditions of the agreement. The Company reclassified as an investment in associate the recoverable amount of this investment which was determined to be $2,191,200. Therefore, the Company recorded an impairment of $2,855,200 as well as a loss on fair value of derivative financial instrument of $160,000.

The continuity of the Company's asset held for sale is as follows:

	2020 $	2019 $
Balance – beginning of year	5,046,400	-
Initial recognition	-	9,869,979
Disposal	-	(1,510,600)
Impairment	(2,855,200)	(3,312,979)
Reclassification as an investment in associate (Note 11)	(2,191,200)	-
Balance – end of year	-	5,046,400

(in Canadian dollars)

The continuity of the Company's derivative financial instrument is as follows:

	2020 $	2019 $
Balance – beginning of year	160,000	-
Gain (loss) on fair value	(160,000)	160,000
Balance – end of year	-	160,000

13 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 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.

In March 2018, SODEMI applied for two (2) new exploration permits covering a total area of 318 square kilometers (Samapleu-East and Samapleu-West) to replace the PR123.

On June 19, 2019, the two (2) new exploration permits, Samapleu East (PR838) and Samapleu West (PR839) which cover 318 square kilometers, were granted to SODEMI. Both PRs expire on June 18, 2023, with possible renewal periods totaling up to 12 years. In accordance with both PRs, Sama Nickel agreed to complete an exploration program evaluated at F CFA 2,315,000,000 for PR838 (approximately $5,516,108 as at December 31, 2020) and F CFA 760,000,000 for PR 839 (approximately $1,810,904 as at December 31, 2020) before the term of 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 $1,989,610 as at December 31, 2020) 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 $23,211,976 as at December 31, 2020.

(in Canadian dollars)

On September 20, 2019, Sama Nickel and SODEMI signed an amendment to the SA under which the parties confirm the immediate and direct interest of Sama Nickel and SODEMI at 66.70% and 33.30% respectively in the two (2) new exploration permits and this notwithstanding any future request for an exploitation permit.

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Ivory Coast Government	10%
	100%

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

Zérégouiné property

Sama CI owns the exploration permit No. 300 ("PR300") which covers 290 square kilometers of property in Ivory Coast and expires on December 18, 2021. In accordance with PR300, Sama CI agreed to complete an exploration program evaluated at F CFA 2,293,000,000 ($5,463,687 as at December 31, 2020) before the term of the exploration permit.

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

Grata property

Sama CI owns the exploration permit No. 604 ("PR604") which covers 80 square kilometers of property in Ivory Coast and expires on December 8, 2022. In accordance with PR604, Sama CI agreed to complete an exploration program evaluated at F CFA 1,018,000,000 ($2,425,658 as at December 31, 2020) before the term of the exploration permit.

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

Zoupleu property

SMT owns the exploration permit No. 837 ("PR837") which covers 135 square kilometers of property in Ivory Coast and expires on June 18, 2023. In accordance with PR837, SMT agreed to complete an exploration program evaluated at F CFA 1,120,000,000 (approximately $2,668,700 as at December 31, 2020) before the term of the exploration permit.

The Zoupleu Property is 100% owned by SMT and is located contiguous to the Samapleu Property.

(in Canadian dollars)

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

	December 31, 2018 $	Activity $	December 31, 2019 $	Activity $	December 31, 2020 $
Samapleu property					
Acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Drilling	5,309,586	265,769	5,575,355	179,147	5,754,502
Camp operation costs and other expenses	5,087,736	367,522	5,455,258	675,452	6,130,710
Geology and prospecting	2,584,500	55,151	2,639,651	114,602	2,754,253
Geophysics	1,381,196	227,492	1,608,688	275,978	1,884,666
Engineering study	616,724	329,294	946,018	171,431	1,117,449
Geochemistry	528,605	14,852	543,457	91,849	635,306
Metallurgical tests	236,726	7,863	244,589	-	244,589
Environmental study	129,101	-	129,101	5,877	134,978
Stock-based compensation	39,688	35,461	75,149	47,890	123,039
	20,346,346	1,303,404	21,649,750	1,562,226	23,211,976
Zérégouiné property					
Camp operation costs and other expenses	1,820,297	849,286	2,669,583	499,010	3,168,593
Drilling	748,058	1,269,142	2,017,200	134,285	2,151,485
Geophysics	830,489	741,670	1,572,159	273,552	1,845,711
Geology and prospecting	585,642	162,811	748,453	71,025	819,478
Geochemistry	8,674	31,882	40,556	4,910	45,466
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	1,430	-	1,430	-	1,430
Stock-based compensation	122,155	120,691	242,846	32,678	275,524
	4,120,321	3,175,482	7,295,803	1,015,460	8,311,263
Grata property					
Camp operation costs and other expenses	164,777	318,732	483,509	(3,541)	479,968
Geophysics	91,006	238,309	329,315	-	329,315
Geology and prospecting	72,272	36,449	108,721	-	108,721
Drilling	39,577	7,215	46,792	-	46,792
Geochemistry	-	2,744	2,744	-	2,744
Environmental study	1,590	-	1,590	-	1,590
Stock-based compensation	6,304	16,023	22,327	-	22,327
	375,526	619,472	994,998	(3,541)	991,457
Zoupleu property					
Geology and prospecting	-	929	929	912	1,841
	-	929	929	912	1,841
Total E&E assets	24,842,193	5,099,287	29,941,480	2,575,057	32,516,537

14 Loan payable

In response to COVID-19, the Company has received a $40,000 emergency loan from the Canada Emergency Business Account ("CEBA"). The loan is non-interest-bearing and is due on or before December 31, 2022. If the Company repays $30,000 by December 31, 2022, the Company will be entitled to a $10,000 exemption as government grant. If on December 31, 2022, the Company has not repaid the $30,000, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining. If the Company is subsequently notified upon review by income tax authorities that it does not qualify for obtaining loans under the CEBA program, it will be required to repay all amounts borrowed immediately.

Although the government grant of $10,000 is not refundable if the Company repays the amount of $30,000 by December 31, 2022, this amount will be recognized in income when the Company has reasonable assurance that it will comply with the terms of early repayment of this aid. In addition, upon initial recognition, the Company measured the loan at fair value resulting in an adjustment of $8,480 recognized in earnings as government grant and $1,819 in accreted interest.

15 Share capital

Authorized

Unlimited number of voting common shares without par value.

Transactions on share capital

2019

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

During the second quarter ended June 30, 2019, a total of 7,242,857 warrants were exercised at prices from $0.25 to $0.28 per share for total proceeds of $2,025,000.

During the fourth quarter ended December 31, 2019, a total of 17,857,143 warrants were exercised at a price of $0.28 per share for total proceeds of $5,000,000.

2020

During the first quarter ended March 31, 2020, a total of 125,000 stock options were exercised at a price of $0.085 per share for total proceeds of $10,625.

(in Canadian dollars)

Warrants

The following table shows the changes in warrants:

	2020		2019	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding – Beginning of year	13,747,406	0.19	39,922,406	0.25
Exercised	-	-	(26,175,000)	0.27
Expired	(5,596,906)	0.25	-	-
Outstanding and exercisable – End of year	8,150,500	0.15	13,747,406	0.19

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

		2020	2019
Expiration date	Exercise price $	Number of warrants outstanding	Number of warrants outstanding
August 26, 2020	0.25	-	4,695,240
September 14, 2020	0.25	-	901,666
May 19, 2021	0.15	2,731,000	2,731,000
July 29, 2021	0.15	1,494,500	1,494,500
December 9, 2021	0.15	3,925,000	3,925,000
		8,150,500	13,747,406

16 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.

(in Canadian dollars)

The following table shows the changes in stock options:

	2020		2019	
	Number of stock options	**Weighted average exercise price $**	**Number of stock options**	**Weighted average exercise price $**
Outstanding – Beginning of year	17,920,000	0.24	14,960,000	0.24
Granted	1,885,000	0.115	5,305,000	0.24
Exercised	(125,000)	0.085	(740,000)	0.23
Expired	-	-	(1,605,000)	0.21
Outstanding – End of year	19,680,000	0.23	17,920,000	0.24
Exercisable – End of year	17,746,250	0.24	14,647,500	0.25

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

	2020	**2019**
Weighted average price at the grant date	$0.115	$0.24
Weighted average exercise price	$0.115	$0.24
Expected dividend	-	-
Expected average volatility	102.23%	103.25%
Risk-free average interest rate	0.73%	1.79%
Expected average life	10 years	10 years
Weighted fair value per share option	$0.10	$0.22

An expense for stock-based compensation of $400,141 was recognized during the year ended December 31, 2020 (December 31, 2019 – $1,247,768). An amount of $319,573 (December 31, 2019 – $1,075,593) was recognized in the consolidated statement of loss and comprehensive loss and $80,568 (December 31, 2019 – $172,175) was capitalized to the exploration and evaluation assets.

(in Canadian dollars)

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

		2020		2019	
Expiry date	**Exercise price $**	**Number outstanding**	**Number exercisable**	**Number outstanding**	**Number exercisable**
June 29, 2021	0.15	400,000	400,000	400,000	400,000
August 31, 2021	0.12	50,000	50,000	50,000	50,000
June 6, 2022	0.32	1,400,000	1,400,000	1,400,000	1,400,000
June 21, 2022	0.155	200,000	200,000	200,000	200,000
October 14, 2022	0.33	1,000,000	1,000,000	1,000,000	1,000,000
April 21, 2025	0.19	2,150,000	2,150,000	2,150,000	2,150,000
May 27, 2025	0.18	200,000	200,000	200,000	200,000
January 17, 2027	0.085	1,775,000	1,775,000	1,900,000	1,900,000
March 31, 2027	0.15	500,000	500,000	500,000	500,000
April 27, 2027	0.195	100,000	100,000	100,000	100,000
November 28, 2027	0.29	660,000	660,000	660,000	660,000
June 12, 2028	0.33	3,655,000	3,655,000	3,655,000	3,655,000
July 29, 2028	0.30	340,000	340,000	340,000	255,000
October 31, 2028	0.30	60,000	60,000	60,000	45,000
February 19, 2029	0.27	3,225,000	3,225,000	3,225,000	1,612,500
December 19, 2029	0.19	2,080,000	1,560,000	2,080,000	520,000
December 14,2030	0.115	1,885,000	471,250	-	-
		19,680,000	17,746,250	17,920,000	14,647,500

17 Income taxes

Major components of tax expense (income)

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

	2020 $	2019 $
Deferred tax expense (income)		
Origination and reversal of temporary differences	(1,346,800)	(1,829,403)
Deferred tax expense arising from the write-down of a deferred tax asset	1,250,088	58,551
Total deferred tax expense (income)	(96,712)	(1,770,852)

(in Canadian dollars)

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 loss and comprehensive loss can be reconciled as follows:

	2020 $	2019 $
Loss before income taxes	(11,582,190)	(13,718,515)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.50 % (2019 – 26.60%)	(3,069,280)	(3,649,125)
Non-taxable portion of gains	1,363,521	1,469,022
Loss of tax attributes	-	241,465
Stock-based compensation	84,687	286,108
Non-deductible items	268,474	(198,629)
Adjustments from prior years	1,142	2,569
Other	4,656	19,187
Change in unrecognized temporary differences	1,250,088	58,551
Deferred tax expense (income)	(96,712)	(1,770,852)

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, 2020 $	Profit (loss) $	Equity $	Balance on December 31, 2020 $
Deferred income tax liabilities				
Property, plant and equipment	(50,302)	(8,870)	-	(59,172)
Asset held for sale	(492,688)	492,688	-	-
Derivative financial instrument	(21,200)	21,200	-	-
Investment in associate	(1,214,023)	1,214,023	-	-
Exploration and evaluation assets	(6,521,458)	277,848	-	(6,243,610)
	(8,299,671)	1,996,889	-	(6,302,782)
Deferred income tax assets				
Non-capital loss carry forwards	4,962,398	(1,823,268)	-	3,139,130
Share issuance costs	35,967	(35,967)	-	-
Convertible debenture	22,316	(22,316)	-	-
Property, plant and equipment	18,626	(18,626)	-	-
	5,039,307	(1,900,177)	-	3,139,130
Deferred income tax asset (liability)	(3,260,364)	96,712	-	(3,163,652)

(in Canadian dollars)

	Balance on January 1, 2019 $	Profit (loss) $	Equity $	Balance on December 31, 2019 $
Deferred income tax liabilities				
Property, plant and equipment	(5,277)	(45,025)	-	(50,302)
Asset held for sale	-	(492,688)	-	(492,688)
Derivative financial instrument	-	(21,200)	-	(21,200)
Investment in associate	(3,305,740)	2,091,717	-	(1,214,023)
Exploration and evaluation assets	(5,478,939)	(1,042,519)	-	(6,521,458)
	(8,789,956)	490,285	-	(8,299,671)
Deferred income tax assets				
Non-capital loss carry forwards	3,660,582	1,301,816	-	4,962,398
Share issuance costs	63,706	(27,739)	-	35,967
Reserves	16,107	(16,107)	-	-
Convertible debenture	-	22,316	-	22,316
Property, plant and equipment	18,345	281	-	18,626
	3,758,740	1,280,567	-	5,039,307
Deferred income tax asset (liability)	(5,031,216)	1,770,852	-	(3,260,364)

Unrecognized deferred tax assets

As at December 31, 2020 and 2019, the Company has the following temporary differences for which no deferred tax has been recognized:

	2020 $	2019 $
Non-capital loss carry forwards	3,730,956	436,802

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, 2020, deferred tax assets totalling $1,356,983 (December 31, 2019 – $115,292) have not been recognized.

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:

(in Canadian dollars)

	Canada $	Ivory Coast $	Total $
2022	-	570,992	570,992
2023	-	3,013,462	3,013,462
2024	-	6,717,992	6,717,992
2025	14,786	538,180	552,966
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	-	828,187
2033	1,016,786	-	1,016,786
2034	813,639	-	813,639
2035	192,412	-	192,412
2036	609,826	-	609,826
2037	966,118	-	966,118
2038	1,601,094	-	1,601,094
2039	708,062	-	708,062
2040	662,181		662,181
Losses that may be carried forward indefinitely	-	1,752,682	1,752,682
	9,531,831	12,593,309	22,125,140
Non-capital losses recognized against the deferred tax liability	(5,835,824)	(12,558,360)	(18,394,184)
	3,696,007	34,949	3,730,956

18 Additional cash flow information

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

	2020 $	2019 $
Depreciation included in E&E assets	316,632	211,565
Stock-based compensation included in E&E assets	80,568	172,175
Change in E&E assets included in accounts payable and accrued liabilities	86,863	(42,756)

19 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, 2020.

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

20 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 trade and 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 and Liberia.

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, 2020, the Company had cash and cash equivalents of $2,117,842 (December 31, 2019 – $5,203,928) to settle account payable and accrued liabilities of $860,561 (December 31, 2019 – $728,862) and a loan of $40,000.

As at December 31, 2020, management does not consider current funds to be sufficient for the Company to continue operating considering the budgeted expenditures (Note 1). Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity instruments, further expenditure reductions, or other measures. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

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.

(in Canadian dollars)

The Company's financial instruments as at December 31, 2020 and 2019 consist of cash and cash equivalents, trade and other amounts receivable, due from a related company, bridge loan, accounts payables and accrued liabilities and loan payable. The Company's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

Market risk

Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to the following foreign exchange (''FX'') risk.

	December 31, 2020 in CAD $	Impact of 10% change in FX $	December 31, 2019 in CAD $	Impact of 10% change in FX $
Cash and cash equivalent				
United States dollar	76,363	7,636	919	92
CFA Franc	124,596	12,460	118,603	11,860
Convertible debenture and accrued interests				
United States dollar	-	-	1,353,753	135,375
Accounts payable and accrued liabilities				
United States dollar	(620,184)	(62,018)	(331,441)	(33,144)
CFA Franc	(116,581)	(11,658)	(170,444)	(17,044)
Australian dollar	(11,931)	(1,193)	-	-
	(547,737)	(54,773)	971,390	97,139

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.

21 Related parties

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

Key management personnel are the members of the Board of Directors and officers.

Transactions with key management personnel

During the year ended December 31, 2020, the Company incurred fees of $123,900 with the CFO (December 31, 2019 – $123,900). These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2020, $18,900 (December 31, 2019 – $18,900) is due to the CFO. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company incurred fees of $36,000 (December 31, 2019 – a salary of $39,480) with an officer. These fees are recorded under professional fees (December 31, 2019 – under salaries and benefits) in the consolidated statement of loss and comprehensive loss. As at December 31, 2020, $6,480 (December 31, 2019 – $nil) is due to that officer. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company incurred fees of $201,243 (December 31, 2019 – $298,992) with a corporation controlled by a director who is also the President and Chief Executive Officer. An amount of $40,248 (December 31, 2019 – $114,998) has been recorded under consulting fees in the consolidated statement of loss and comprehensive loss and $160,995 (December 31, 2019 – $183,994) has been capitalized to the Company's exploration and evaluation assets. As at December 31, 2020, $38,332 (December 31, 2019– $69,000) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company incurred fees of $97,081 (December 31, 2019 – $139,581) with a corporation controlled by the Company's Executive Chairman. An amount of $87,500 (December 31, 2019 – $130,000) was recorded under consulting fees and $9,581 (December 31, 2019 – $9,581) under general and other expenses in the consolidated statement of loss and comprehensive loss. As at December 31, 2020, $20,833 (December 31, 2019 – $30,000) is due to that corporation. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2020, the Company incurred fees of $61,250 (December 31, 2019 – $109,150) with a company controlled by the Vice-president Legal and Corporate Affairs. These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. As at December 31, 2020, no amount (December 31, 2019 – $16,650) is due to that company.

During the year ended December 31, 2020, Sama recognized a stock-based compensation of $294,438 (December 31, 2019 – $923,768) in connection with stock options granted to officers and directors. This stock-based compensation was recognized in the consolidated statement of loss and comprehensive loss.

Transactions with related parties

During the year ended December 31, 2019, the Company charged an amount of $25,397 to SRG as part of drilling and services agreements. As at December 31, 2019 and 2020, no amount is due from SRG.

On June 18, 2019 the Company signed a bridge loan agreement with SRG for an amount of $1,000,000 as described in Note 7. As at December 31, 2020, an amount of $758,685 (December 31, 2019 – $742,055) including interest receivable is outstanding.

On August 5, 2019, the Company advanced an amount of US$1,000,000 ($1,330,400) to SRG as part of a convertible debenture agreement described in Note 8. On April 2, 2020, the Company agreed to convert its convertible debenture of US$1,000,000 ($1,416,970) at a conversion price of $0.91 per common share in exchange for 1,557,110 common shares of SRG.

Termination and Change of Control Provisions

The Company has entered into consulting agreements with key management personnel for total annual payments of $465,000. 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, 2021, the total amounts payable to key personnel in respect of severance would amount $1,055,000. If a change of control would occur during the year December 31, 2021, the total amount payable in respect of severance, if elected by the officers would amount $1,055,000.

22 Commitments

a) Sama signed a technology license agreement with CVMR Corporation (CVMR) which was amended in December 2020. 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. If and when Sama decides to use the licensed technology, by entering into a Nickel Powder manufacturing plant, then within 10 days following completion of the project commissioning, Sama shall pay to CVMR an amount of $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. 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% if the gross revenue (i.e. the difference between 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) represents a margin in excess of 25% for the licensee. The royalty shall be 5% should the margin be only 5% and should the margin be between 5% and 25% then the royalty shall be calculated on a pro rata basis between 5% and 15%.

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

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

Highlights of the term sheet include the following:

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

On April 13, 2018, the Company issued a total of 25,000,000 units at a price of $0.21 per unit for total proceeds of $5,250,000 and on June 11, 2019 and December 18, 2019, HPX exercised a total of 25,000,000 warrants at a price of $0.28 per share for total proceeds of $7,000,000.

23 Contingencies

The Company is subject to audits from various tax authorities on an ongoing basis. As a result, from time to time, authorities may disagree with positions and conclusions taken by the Company in its filings. During the year ended December 31, 2020, the Company received a reassessment from the Direction Générale des impôts in Côte d'Ivoire challenging the Company's tax basis for the calculation of some benefits and taxes. An accrual of $30,000 has been recognized in the Company's financial statements but the Company believes that there are strong grounds for defence and will vigorously defend its position. Such matters cannot be predicted with certainty, however, the Company believes that the resolution of these proceedings will not have a material adverse effect on its financial position.

(in Canadian dollars)

24 Operating segment

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

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

			2019 $
	Canada	Ivory Coast	Total
Revenues from services contracts	-	25,397	25,397

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

				2020 $
	Canada	Ivory Coast	Liberia	Total
Deposit on exploration and evaluation assets			75,202	75,202
Warrants	47,278	-	-	47,278
Property, plant and equipment	566	1,205,960	-	1,206,526
Exploration and evaluation assets	-	32,516,537	-	32,516,537
Investments in associate	8,589,468	-	-	8,589,468
	8,637,312	33,722,497	75,202	42,435,011

				2019 $
	Canada	Ivory Coast	Liberia	Total
Deposit on property, plant and equipment	-	447,414	-	447,414
Deposit on exploration and evaluation assets	-	2,496	-	2,496
Property, plant and equipment	755	1,049,178	-	1,049,933
Exploration and evaluation assets	-	29,941,480	-	29,941,480
Investments in associate	12,434,095	-	-	12,434,095
	14,434,850	31,440,568	-	43,875,418

25 Subsequent events

On January 19, 2021, three mining licences covering a total of 578 square kilometers of property in Liberia and expiring on January 19, 2024, were granted to SRL.

On February 2, 2021, an additional loan of $20,000 was granted by the Canadian federal government as part of the Canada Emergency Business Account ("CEBA") program under the same terms as the original loan of $40,000 (Note 14).

On February 25, 2021, a total of 50,000 warrants were exercised at a share price of $0.15 for total proceeds of $7,500.

On March 25, 2021, HPX has advanced an amount of $595,759 in cash thus bringing its total investments to $12,845,759.

On April 5, 2021, a total of 40,250 warrants were exercised at a share price of $0.15 for total proceeds of $6,038.