Sama Resources Inc.

Interim Condensed Consolidated Financial Statements
For the three-month periods ended March 31, 2021 and 2020
(in Canadian dollars)

Sama Resources Inc.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notice to Reader

The accompanying unaudited interim condensed consolidated financial statements of Sama Resources Inc. (the "Company") for the three-month periods ended on March 31, 2021 and 2020 have been prepared by the management and are its responsibility. These unaudited interim condensed consolidated financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's auditors.

Sama Resources Inc.

Interim Condensed Consolidated Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(Unaudited - in Canadian dollars)

	Notes	March 31, 2021 $	December 31, 2020 $
Assets			
Current assets			
Cash and cash equivalents		2,259,315	2,117,842
Trade and other amounts receivable		10,724	5,209
Sales taxes receivable		21,022	14,492
Due from related companies		3,831	4,055
Prepaid expenses and deposits		92,354	74,444
Bridge loan		775,944	758,685
		3,163,190	2,974,727
Non-current assets			
Deposit on exploration and evaluation assets		-	75,202
Property, plant and equipment	4	1,118,709	1,206,526
Warrants		62,207	47,278
Investment in associate	5	8,408,801	8,589,468
Exploration and evaluation assets	6	32,872,076	32,516,537
		42,461,793	42,435,011
		45,624,983	45,409,738
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		792,755	860,561
Non-current liabilities			
Loan payable	7	47,502	33,339
Payment received as part of the earn-in and joint venture agreement	11	595,759	-
Deferred tax liability		3,163,652	3,163,652
		4,599,668	4,057,552
Shareholders' equity			
Share capital	8	49,187,346	49,179,596
Contributed surplus	9	6,002,427	5,944,000
Deficit		(14,164,458)	(13,771,410)
Total equity		41,025,315	41,352,186
Total liabilities and equity		45,624,983	45,409,738
Nature of operations and going concern	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 interim condensed consolidated financial statements.

Sama Resources Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three-month periods ended on March 31, 2021 and 2020

(Unaudited - in Canadian dollars)

	Notes	March 31, 2021 $	March 31, 2020 $
Operating expenses			
Consulting fees		39,400	106,200
Professional fees		69,109	69,657
Travel and representation		14,176	50,014
General and other expenses		46,750	57,158
Salaries and benefits		26,010	37,841
Transfer agent and filing fees		7,132	5,709
Shareholder's information fees		-	4,390
Depreciation	4	6,373	6,066
Stock-based compensation	9	47,882	116,120
Operating loss		(256,832)	(453,155)
Other income (expenses)			
Impairment		-	(9,115,865)
Share of loss of associate	5	(166,558)	(656,774)
Loss on dilution of associate	5	(14,109)	(160,938)
Loss on derivative financial instrument		-	(160,000)
Gain on fair value of a convertible debenture		-	85,765
Gain on fair value of warrants		14,929	46,557
Interest income		18,089	63,907
Accretion of interest on loan payable	7	(1,580)	-
Government grant	7	7,417	-
Foreign exchange gain		5,596	10,634
		(136,216)	(9,886,704)
Net loss and comprehensive loss		(393,048)	(10,339,859)
Basic and diluted net loss per common share		(0.002)	(0.048)
Weighted average number of common shares outstanding		216,485,854	216,415,586

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

Sama Resources Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the three-month periods ended March 31, 2021 and 2020

(Unaudited - in Canadian dollars)

	Notes	Share capital numbers	Share capital $	Contributed surplus $	Deficit $	Total $
Balance – January 1st, 2020		216,341,410	49,159,413	5,553,417	(2,285,933)	52,426,897
Exercise of stock options	8, 9	125,000	20,183	(9,558)	-	10,625
Stock-based compensation	9	-	-	144,896	-	144,896
Net loss and comprehensive loss		-	-	-	(10,339,859)	(10,339,859)
Balance – March 31, 2020		216,466,410	49,179,596	5,688,755	(12,625,792)	42,242,559
Balance – January 1st, 2021		216,466,410	49,179,596	5,944,000	(13,771,410)	41,352,186
Exercise of warrants	8, 9	50,000	7,750	(250)	-	7,500
Stock-based compensation	9	-	-	58,677	-	58,677
Net loss and comprehensive loss		-	-	-	(393,048)	(393,048)
Balance – March 31, 2021		216,516,410	49,187,346	6,002,427	(14,164,458)	41,025,315

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

Sama Resources Inc.

Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended on March 31, 2021 and 2020

(Unaudited - in Canadian dollars)

	Notes	March 31, 2021 $	March 31, 2020 $
Cash flows from			
Operating activities			
Net loss for the period		(393,048)	(10,339,859)
Items not affecting cash			
Depreciation	4	6,373	6,066
Stock-based compensation	9	47,882	116,120
Accretion of interest on loan payable		1,580	-
Government grant		(7,417)	-
Interest revenue on bridge loan and convertible debenture		(17,259)	(17,785)
Loss on derivative financial instrument		-	160,000
Gain on fair value of a convertible debenture		-	(85,765)
Gain on fair value of warrants		(14,929)	(46,557)
Share of loss of associate	5	166,558	656,774
Loss on dilution of associate	5	14,109	160,928
Impairment		-	9,115,865
		(196,151)	(274,213)
Change in non-cash working capital items			
Trade and other amounts receivable		(5,515)	92,283
Sales taxes receivable		(6,530)	(82,851)
Due from related companies		224	(2,103)
Prepaid expenses and deposits		(17,910)	(25,426)
Accounts payables and accrued liabilities		92,051	(73,293)
		62,320	(91,390)
		(133,831)	(365,603)
Investing activities			
Acquisition of property, plant and equipment	4	-	(50,042)
Investment in associate	5	-	(125,000)
Exploration and evaluation expenditures	6	(347,955)	(829,299)
		(347,955)	(1,004,341)
Financing activities			
Exercise of warrants	8	7,500	-
Exercise of stock options	8, 9	-	10,625
Loan payable	7	20,000	-
Payment received as part of the earn-in and joint venture agreement	11	595,759	-
		623,259	10,625
Increase (decrease) in cash during the period		141,473	(1,359,319)
Cash and cash equivalents – Beginning of period		2,117,842	5,203,928
Cash and cash equivalents – End of period		2,259,315	3,844,609

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

1 Nature of operations, going concern and Covid-19

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* (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 interim condensed consolidated financial statements were authorized for publication by the Board of Directors on May 31, 2021.

The Company's exploration and evaluation assets are located in the Republic of Ivory Coast ("Ivory Coast") and Liberia in 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 interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. As at March 31, 2021, the Company has an accumulated deficit $14,164,458 (December 31, 2020 – $13,771,410) and a working capital of $2,370,435 (December 31, 2020 – $2,114,166), including cash and cash equivalents of $2,259,315 (December 31, 2020 – $2,117,842). 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 March 31, 2022. 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 interim condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation and significant accounting policies

Basis of presentation

The Company's interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim statements, including IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements for the year ended December 31, 2020. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020 which have been prepared according to IFRS as issued by the IASB.

Basis of consolidation

In addition to the Company, the interim condensed 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.

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

	Jurisdiction of incorporation
Sama Nickel Corporation ("Sama Nickel")	Canada
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast
Sama Resources Development Inc. ("SRDI")	Caymans Island
Sama Resources Liberia Inc. ("SRL")	Liberia

3 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 loss and comprehensive loss. The Company does not expect any impact in its consolidated financial statements upon adoption of this amendment.

Amendments to IAS 12 – Income Taxes

The IASB amended IAS 12, Income Taxes to specify how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Company does not expect any impact in its consolidated financial statements upon adoption of this amendment.

(Unaudited - in Canadian dollars)

4 Property, plant and equipment

	Exploration equipment $	Buildings and lease improvements $	Other equipment $	Total $
Cost				
Balance – January 1st, 2020	1,804,577	127,426	98,242	2,030,245
Acquisitions	497,456	-	-	497,456
Balance – December 31, 2020 and March 31, 2021	2,302,033	127,426	98,242	2,527,701
Accumulated amortization				
Balance – January 1st, 2020	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
Depreciation	77,652	4,211	5,954	87,817
Balance – March 31, 2021	1,256,092	72,374	80,526	1,408,992
Carrying amount				
Balance – December 31, 2020	1,123,593	59,263	23,670	1,206,526
Balance – March 31, 2021	1,045,941	55,052	17,716	1,118,709

During the three-month period ended March 31, 2021, a depreciation expense of $6,373 (December 31, 2020 – $24,231) was recorded in the interim condensed consolidated statement of loss and comprehensive loss and $81,444 (December 31, 2020 – $316,632) was recorded under exploration and evaluation ("E&E") assets.

5 Investment in associate

The Company has an investment in associate giving it significant influence over SRG. At December 31, 2020, the Company owned a total of 24,805,377 common shares in SRG representing an ownership of 31.07%.

During the three-month period ended March 31, 2021, SRG issued a total of 309,000 common shares for total proceeds of $150,242. Following that transaction, the Company's ownership in SRG went from 31.07% to 30.95%. Therefore, the Company recorded a loss on dilution of $14,109 on the deemed disposal of a portion of its ownership interest, in the interim condensed consolidated statement of loss and comprehensive loss.

(Unaudited - in Canadian dollars)

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

	March 31, 2021 $	December 31, 2020 $
Balance – beginning of period	8,589,468	12,434,095
Purchase of units	-	125,000
Reclassification from asset held for sale	-	2,191,200
Convertible debenture conversion	-	1,416,970
Share of loss and comprehensive loss	(166,558)	(400,800)
Loss on dilution	(14,109)	(916,332)
Impairment	-	(6,260,665)
Balance – end of period	8,408,801	8,589,468

The fair value of the investment in associate as at March 31, 2021 was $17,115,710 (December 31, 2020 – $14,387,119).

6 Exploration and evaluation assets

Samapleu property

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

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

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) 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 $5,212,438 as at March 31, 2021) and F CFA 760,000,000 for PR 839 (approximately $1,711,211 as at March 31, 2021) 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 $1,880,079 as at March 31, 2021) 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 $23,371,553 as at March 31, 2021.

(Unaudited - 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 66.7% and 33.3% 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:

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. In accordance with PR300, Sama CI agreed to complete an exploration program evaluated at F CFA 2,293,000,000 ($5,162,903 as at March 31, 2021) 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 ($2,292,122 as at March 31, 2021) 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 $2,521,784 as at March 31, 2021) before the term of the exploration permit.

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

(Unaudited - in Canadian dollars)

Nuon River property

SRL owns the exploration license MEL9001721 which covers 273.59 square kilometers of property in the county of Grand Gedeh, Liberia and expires on January 19, 2024. The Nuon River Property is 100% owned by SRL.

St-John River gold property

SRL owns the exploration license MEL9001821 which covers 174.50 square kilometers of property in the county of Grand Gedeh, Liberia and expires on January 19, 2024. The St-John River gold Property is 100% owned by SRL.

Zwedru South property

SRL owns the exploration license MEL9001921 which covers 129.65 square kilometers of property in the county of Bong, Liberia and expires on January 19, 2024. The Zwedru South Property is 100% owned by SRL.

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

	December 31, 2019 $	Activity $	December 31, 2020 $	Activity $	March 31, 2021 $
Samapleu property					
Acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Drilling	5,575,355	179,147	5,754,502	10,627	5,765,129
Camp operation costs and other expenses	5,455,258	675,452	6,130,710	104,481	6,235,191
Geology and prospecting	2,639,651	114,602	2,754,253	18,601	2,772,854
Geophysics	1,608,688	275,978	1,884,666	18,994	1,903,660
Engineering study	946,018	171,431	1,117,449	-	1,117,449
Geochemistry	543,457	91,849	635,306	217	635,523
Metallurgical tests	244,589	-	244,589	-	244,589
Environmental study	129,101	5,877	134,978	-	134,978
Stock-based compensation	75,149	47,890	123,039	6,657	129,696
	21,649,750	1,562,226	23,211,976	159,577	23,371,553
Zérégouiné property					
Camp operation costs and other expenses	2,669,583	499,010	3,168,593	66,050	3,234,643
Drilling	2,017,200	134,285	2,151,485	-	2,151,485
Geology and prospecting	1,572,159	71,025	1,643,184	18,601	1,661,785
Geophysics	748,453	273,552	1,022,005	18,994	1,040,999
Geochemistry	40,556	4,910	45,466	135	45,601
Metallurgical tests	3,576	-	3,576	-	3,576
Environmental study	1,430	-	1,430	-	1,430
Stock-based compensation	242,846	32,678	275,524	4,138	279,662
	7,295,803	1,015,460	8,311,263	107,918	8,419,181
Grata property					
Camp operation costs and other expenses	483,509	(3,541)	479,968	-	479,968
Geology and prospecting	108,721	-	108,721	-	108,721
Geophysics	329,315	-	329,315	-	329,315
Geochemistry	2,744	-	2,744	-	2,744
Drilling	46,792	-	46,792	-	46,792
Environmental study	1,590	-	1,590	-	1,590
Stock-based compensation	22,327	-	22,327	-	22,327
	994,998	(3,541)	991,457	-	991,457

(Unaudited - in Canadian dollars)

	December 31, 2019 $	Activity $	December 31, 2020 $	Activity $	March 31, 2021 $
Zoupleu property					
Geology and prospecting	929	912	1,841	-	1,841
	929	912	1,841	-	1,841
Nuon River property					
Camp operation costs and other expenses	-	-	-	28,999	28,999
Geology and prospecting	-	-	-	1,271	1,271
	-	-	-	30,270	30,270
St-John River gold property					
Camp operation costs and other expenses	-	-	-	30,940	30,940
Geology and prospecting	-	-	-	1,270	1,270
	-	-	-	32,210	32,210
Zwedru South property					
Camp operation costs and other expenses	-	-	-	22,694	22,694
Geology and prospecting	-	-	-	2,870	2,870
	-	-	-	25,564	25,564
Total E&E assets	29,941,480	2,575,057	32,516,537	355,539	32,872,076

7 Loan payable

In response to COVID-19, the Company received a $40,000 emergency loan from the Canada Emergency Business Account (“CEBA”) in the year ended December 31, 2020. 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.

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 same terms as the original loan of 40,000 $. Upon initial recognition, the Company measured the loan at fair value resulting in an adjustment of $7,417 recognized in earnings as government grant.

During the three-month period ended March 31, 2021, the Company recorded an accretion of interest of $1,580.

(Unaudited - in Canadian dollars)

8 Share capital

Authorized

Unlimited number of voting common shares without par value.

Transactions on share capital

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.

2021

During the first quarter ended March 31, 2021, a total of 50,000 warrants were exercised at a price of $0.15 per share for total proceeds of $7,500.

Warrants

The following table shows the changes in warrants:

	Three-month period ended March 31, 2021		Year ended December 31, 2020	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding – Beginning of period	8,150,500	0.15	13,747,406	0.19
Exercised	(50,000)	0.15	(5,596,906)	0.25
Outstanding and exercisable – End of period	8,100,500	0.15	8,150,500	0.15

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

Expiration date	Exercise price $	Number of warrants outstanding
May 19, 2021	0.15	2,731,000
July 29, 2021	0.15	1,444,500
December 9, 2021	0.15	3,925,000
		8,100,500

(Unaudited - in Canadian dollars)

9 Stock options

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

The following table shows the changes in stock options:

	Three-month period ended March 31, 2021		Year ended December 31, 2020	
	Number of stock options	**Weighted average exercise price $**	**Number of stock options**	**Weighted average exercise price $**
Outstanding – Beginning of period	19,680,000	0.24	17,920,000	0.24
Granted	-	-	1,885,000	0.115
Expired	-	-	(125,000)	0.085
Outstanding – End of period	19,680,000	0.24	19,680,000	0.23
Exercisable – End of period	17,746,250	0.24	17,746,250	0.24

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

	2020
Weighted average price at the grant date	$0.115
Weighted average exercise price	$0.115
Expected dividend	-
Expected average volatility	102%
Risk-free average interest rate	0.73%
Expected average life	10 years
Weighted fair value per share option	$0.10

An expense for stock-based compensation of $58,677 was recognized during the three-month period ended March 31, 2021 (for the three-month period ended March 31, 2020 – $144,896). An amount of $47,882 (for the three-month period ended March 31, 2020 – $116,120) was recognized in the interim consolidated statement of loss and comprehensive loss and $10,795 (for the three-month period ended March 31, 2020 – $28,776) was capitalized to the exploration and evaluation assets.

(Unaudited - in Canadian dollars)

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

Expiry date	Exercise price $	Number outstanding	Number exercisable
June 29, 2021	0.15	400,000	400,000
August 31, 2021	0.12	50,000	50,000
June 6, 2022 (a)	0.32	1,400,000	1,400,000
June 21, 2022	0.155	200,000	200,000
October 14, 2022	0.33	1,000,000	1,000,000
April 21, 2025	0.19	2,150,000	2,150,000
May 27, 2025	0.18	200,000	200,000
January 17, 2027	0.085	1,775,000	1,900,000
March 31, 2027	0.15	500,000	500,000
April 27, 2027	0.195	100,000	100,000
November 28, 2027	0.29	660,000	660,000
June 12, 2028	0.33	3,655,000	3,655,000
July 29, 2028	0.30	340,000	255,000
October 31, 2028	0.30	60,000	45,000
February 20, 2029	0.27	3,225,000	3,225,000
December 19, 2029	0.19	2,080,000	1,560,000
December 14, 2030	0.115	1,885,000	471,250
		19,680,000	17,746,250

10 Additional cash flow information

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

	Three-month period ended March 31, 2021 $	Three-month period ended March 31, 2020 $
Depreciation included in E&E assets	81,444	70,214
Stock-based compensation included in E&E assets	10,795	28,776
Change in E&E assets included in accounts payable and accrued liabilities	(159,857)	66,305

11 Commitments

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 made a strategic investment for a total amount of $12,250,000 through the acquisition of 25,000,000 units at a price of $0.21 per unit for $5,250,000 and by the exercise of 25,000,000 warrants at a price of $0.28 per common share for $7,000,000. In addition, HPX has 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 strategic investment of $12,250,000 is considered to be part of this total investment of $30,000,000.

(Unaudited - in Canadian dollars)

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/SNC joint venture are not met by an outside date (the earn-in adjustment date), then HPX shall have a period of one month after the earn-in adjustment date to notify the Company in writing as to whether or not it wishes to proceed with the 60% earn-in on the totality of the Ivory Coast project for:
    i. A reduced additional expenditure of $10,000,000 (instead of $15,000,000) in order to earn its additional 30% interest in all of the Ivory Coast project;

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

On March 25, 2021, the Company received from HPX an amount of $595,759 in cash as part of the earn-in and joint venture agreement thus bringing its cumulative investments to $12,845,759 as follow:

	March 31, 2021 $
Private placement	5,250,000
Exercise of warrants	7,000,000
Payment received as part of the earn-in and joint venture agreement	595,759
	12,845,759

The payments received as part of the earn-in and joint venture agreement are recorded as deferred sales proceeds in anticipation of HPX reaching the $15,000,000 cumulative threshold which would lead to the formation of a joint venture for the Ivory Coast Project.

12 Subsequent events

In April and May 2021, a total of 1,240,750 warrants were exercised at a share price of $0.15 for total proceeds of $186,113.

On April 30, 2021, the Company signed an agreement with Seahawk Gold Corp. for the acquisition of 100% of the issued and outstanding securities of SRDI which holds 100 % of the issued and outstanding securities of Sama SRL, both subsidiaries of Sama. SRL holds all rights, title and interest in and to the Zwedru South project, St-John River gold project and Nuon project, each of which is located in Liberia, Africa. In consideration for the purchase of SRDI, Seahawk will issue 8.5 million of its common shares to Sama.

On May 3, 2021, the Company received from HPX an amount of $327,000 in cash as part of the earn-in and joint venture agreement thus bringing its cumulative investments to $13,172,759.

In April and May 2021, the Company launched the Lac Brulé Ni-Cu project in the Province of Quebec, Canada by acquiring a total of 379 exploration claims in four blocks of claims in the Nivernais and Esgriseilles Township.