



Sama Resources Inc.

Annual Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(in Canadian dollars)

TSX-V: SME

Sama Resources Inc.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of income (loss) and comprehensive income (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, comprising material accounting policy information 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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

Key audit matters

Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP¹

Montréal, Quebec
April 26, 2024

¹ CPA auditor, public accountancy permit No. A116819

Sama Resources Inc.

Consolidated Statements of Financial Position

As at December 31, 2023 and December 31, 2022

(in Canadian dollars)

	Notes	December 31, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,956,298	7,397,902
Trade and other amounts receivable		35,506	51,643
Sales taxes receivable		-	336,850
Tax credits receivable		-	211,902
Finance lease	10	45,874	-
Prepaid expenses and deposits		68,717	256,722
Assets of subsidiary subject to impending loss of control	7	1,556,601	-
		4,662,996	8,255,019
Non-current assets			
Property, plant and equipment	9	59,981	982,028
Finance lease	10	28,638	-
Investments in shares	11	10,322,657	10,322,657
		10,411,276	11,304,685
TOTAL ASSETS		15,074,272	19,559,704
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		28,619	707,883
Loan payable		-	40,000
Liabilities of subsidiary subject to impending loss of control	7	697,982	-
TOTAL LIABILITIES		726,601	747,883
EQUITY			
Share capital	13	49,855,959	49,777,864
Contributed surplus	15	6,751,891	6,463,594
Deficit		(42,519,070)	(32,566,515)
Equity attributable to the shareholders		14,088,780	23,674,943
Non-controlling interest	7	258,891	(4,863,122)
TOTAL EQUITY		14,347,671	18,811,821
TOTAL LIABILITIES AND EQUITY		15,074,272	19,559,704

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 consolidated financial statements.

Sama Resources Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended on December 31, 2023 and 2022

(in Canadian dollars)

		December 31, 2023	December 31, 2022
	Notes	\$	\$
Operating expenses			
Exploration and evaluation expenses	15	4,025,766	5,249,653
General and administrative expenses	16	2,159,458	1,861,894
Operating loss		(6,185,224)	(7,111,547)
Other income (expenses)			
Gain on disposal of an investment in associate	12	-	2,972,473
Gain on loss of significant influence	12	-	5,902,561
Share of loss of associate	12	-	(297,332)
Gain on dilution of associate	12	-	1,195,788
Loss on disposal of property, plant and equipment		(45,330)	-
Change in fair value of investments in shares	11	-	(1,564,357)
Interest income		171,799	122,665
Other income		46,450	-
Accretion of interest on loan payable		-	(7,204)
Accretion interest on a finance lease	10	1,071	-
Government grant		-	20,000
Foreign exchange loss		(38,428)	(107,536)
		135,562	8,237,058
Net income (loss) and comprehensive income (loss) from continuing operations		(6,049,662)	1,125,511
Net income (loss) and comprehensive income (loss) from discontinued operations	6	905,646	(516,644)
Net income (loss) and comprehensive income (loss)		(5,144,016)	608,867
Net income (loss) and comprehensive income (loss) attributable to:			
Sama Resources Inc. – continuing operations		(4,861,134)	2,765,210
Sama Resources Inc. – discontinued operations		905,646	(516,644)
		(3,955,488)	2,248,566
Non-controlling interest	7	(1,188,528)	(1,639,699)
		(5,144,016)	608,867
Net income (loss) per common share from continuing operations			
Basis earnings (loss) per common share	21	(0.022)	0.012
Diluted earnings (loss) per common share		(0.022)	0.012
Net income (loss) per common share from discontinued operations			
Basis earnings (loss) per common share	21	0.004	(0.02)
Diluted earnings (loss) per common share		0.004	(0.02)
Net income (loss) per common share total			
Basis earnings (loss) per common share	21	(0.018)	0.010
Diluted earnings (loss) per common share		(0.018)	0.010

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, 2023 and 2022

(in Canadian dollars)

	Notes	Number of issued and outstanding shares	Share capital \$	Contributed surplus \$	Deficit \$	Total attributable to the parent company \$	Non- controlling interest \$	Total \$
Balance on January 1, 2022		219,468,440	49,672,237	6,077,949	(40,690,280)	15,059,906	(5,741,366)	9,318,540
Exercise of stock options	13, 14	300,000	105,627	(45,627)	-	60,000	-	60,000
Stock-based compensation	14	-	-	431,272	-	431,272	-	431,272
Contributions from IVNE Ivory Coast Inc. ("IVNE")	7	-	-	-	5,875,199	5,875,199	2,517,943	8,393,142
Net income (loss) and comprehensive income (loss)		-	-	-	2,248,566	2,248,566	(1,639,699)	608,867
Balance – December 31, 2022		219,768,440	49,777,864	6,463,594	(32,566,515)	23,674,943	(4,863,122)	18,811,821
Balance on January 1, 2023		219,768,440	49,777,864	6,463,594	(32,566,515)	23,674,943	(4,863,122)	18,811,821
Contributions from IVNE	7	-	-	-	2,527,000	2,527,000	1,083,000	3,610,000
Contributions from Sama Resources inc.	7	-	-	-	(5,227,541)	(5,227,541)	5,227,541	-
Distribution of SRQ Resources Inc. ("SRQ") shares to shareholders	6	-	-	-	(3,296,526)	(3,296,526)	-	(3,296,526)
Exercise of stock options	13, 14	300,000	78,095	(18,095)	-	60,000	-	60,000
Stock-based compensation	14	-	-	306,392	-	306,392	-	306,392
Net loss and comprehensive loss		-	-	-	(3,955,488)	(3,955,488)	(1,188,528)	(5,144,016)
Balance – December 31, 2023		220,068,440	49,855,959	6,751,891	(42,519,070)	14,088,780	258,891	14,347,671

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, 2023 and 2022

(in Canadian dollars)

Cash flows from (used for)	Notes	December 31, 2023 \$	December 31, 2022 \$
Operating activities			
Net income (loss) for the year		(5,144,016)	608,867
Items not affecting cash			
Depreciation	9	347,081	351,202
Stock-based compensation	14	306,392	431,272
Accretion of interest on loan payable		-	7,204
Accretion of interest on finance lease	10	(1,071)	-
Government grant		-	(20,000)
Interest revenue on bridge loan		-	(22,823)
Loss on disposal of property, plant and equipment		45,330	
Share of loss of associate	12	-	297,332
Gain on dilution of associate	12	-	(1,195,788)
Gain on disposal of an investment in associate	12	-	(2,972,473)
Gain on loss of significant influence	12	-	(5,902,561)
Change in fair value of investments in shares	11	-	1,564,357
Gain on deemed disposal of SRQ	6	(1,763,338)	-
		(6,209,622)	(6,853,411)
Change in non-cash working capital items			
Trade and other amounts receivable		(6,466)	38,918
Sales taxes receivable		(4,275)	(286,669)
Tax credits receivable		207,802	(85,573)
Prepaid expenses and deposits		95,482	(169,384)
Accounts payable and accrued liabilities		51,037	454,383
		343,580	(48,325)
		(5,866,042)	(6,901,736)
Investing activities			
SRQ's cash at the time of the distribution	6	(1,506,445)	-
Acquisition of property, plant and equipment	9	(96,190)	(470,560)
Repayment of the bridge loan		-	700,000
Disposal of investments in associate	12	-	6,737,500
		(1,602,635)	6,966,940
Financing activities			
Exercise of stock options	13, 14	60,000	60,000
Repayment of loan		(40,000)	-
Contributions received from IVNE	7	-	5,120,000
		20,000	5,180,000
Change in cash during the year		(7,448,677)	5,245,204
Net change in cash classified within subsidiary subject to impending loss of control		3,007,073	-
Cash and cash equivalents – Beginning of year		7,397,902	2,152,698
Cash and cash equivalents – End of year		2,956,298	7,397,902

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

Sama Resources Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(in Canadian dollars)

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 and Canada. 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, 2024.

The Company’s main exploration and evaluation projects 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, 2023, the Company has accumulated deficit of \$42,519,070 (December 31, 2022 – \$32,566,515) and a working capital of \$3,936,395 (December 31, 2022 – \$7,507,136), including cash and cash equivalents of \$2,956,298 (December 31, 2022 – \$7,397,902). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company’s ability to continue future operations and fund its operations is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, the issuance of equity instruments, expenditure reductions, or a combination of strategic partnerships, joint venture arrangements, royalty financing and other capital market alternatives. 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.

Sama Resources Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(in Canadian dollars)

2 New accounting standards

Amendments to IAS 1 and IFRS Practice Statement 2

The *International Accounting Standards Board* (“IASB”) amended IAS 1 *Presentation of Financial Statements* with regards to disclosure of accounting policies. The amendment, effective for financial years beginning on or after January 1, 2023, requires a Company to disclose its material accounting policy information rather than its significant accounting policies. Management reviewed the accounting policies previously disclosed and adjusted consequently its disclosure to reflect only the accounting policies essential to allow the users of the financial statements to understand other material information.

Amendments to IAS 8

In February 2021, the IASB amended IAS 8 *Accounting Policies, Changes in Accounting estimates and Errors* to introduce a definition of accounting estimates and to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. This amendment is effective for financial years beginning on or after January 1, 2023. There is no financial impact resulting from this amendment.

Amendments to IAS 12

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. There is no financial impact resulting from this amendment.

3 Basis of presentation and material accounting policies

Basis of presentation

The Company’s consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the IASB (“IFRS Accounting Standards”). The Company has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements.

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.

Sama Resources Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(in Canadian dollars)

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. Subsidiaries 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 are as follows:

	Jurisdiction of incorporation	% of ownership 2023	% of ownership 2022
Sama Nickel Corporation ("SNC")	Canada	70%	70%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Ivory Coast	70%	70%
Société Minière du Tonkpi SARL ("SMT")	Ivory Coast	70%	70%
SRQ Resources Inc. ("SRQ") ^{(a) (b)}	Canada	-%	100%
Sama Resources Development Inc. ("SRDI")	Caymans Island	100%	100%
Sama Resources Liberia Inc. ("SRL")	Liberia	100%	100%

(a) On May 11, 2023, Sama Resources Quebec Inc. changed its name to SRQ Resources Inc.

(b) On August 10, 2023, SRQ Resources Inc spinout transaction was completed (note 4).

Non-controlling interests

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

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.

Sama Resources Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(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 loss and comprehensive loss.

Exploration and evaluation (“E&E”) expenses

E&E expenses, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluating the technical feasibility of extracting a mineral resource, are expensed as incurred until the property reaches the development stage.

The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized according to the unit-of-production method based upon estimated proven and probable reserves.

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.

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.

Sama Resources Inc.

Notes to Consolidated Financial Statements

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(in Canadian dollars)

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

	Straight-line method
Other equipment	3 to 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 as well as the depreciation are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

Leases

As a lessor, the Company classifies its lease as either operating or finance lease.

The Company assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The Company has currently not entered into any lease that is classified as operating lease.

Rental income is accounted for on a straight-line basis over the lease term and is calculated in revenue due to its operating nature.

Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are assessed 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 income (loss) for the period.

Sama Resources Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(in Canadian dollars)

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 consolidated statement of income (loss) and comprehensive income (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 financial 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.

Financial Assets

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 and trade and other amounts receivable 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 income (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 income (loss) or other comprehensive income (loss).

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The Company's investment in shares is measured at FVTPL as it doesn'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 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 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. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk. This methodology is applied in particular for cash and cash equivalents.

Financial liabilities

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 are measured at amortized cost.

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.

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.

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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.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenses incurred and refundable credit on duties for losses under the *Mining Tax Act*. These credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statement of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity or other comprehensive 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. When the Company reports a loss, the diluted net loss per voting or common share is equal to the basic net loss per voting or common share due to the anti-dilutive effect of the outstanding stock options and warrants.

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4 Future accounting policies

Accounting standards and interpretation issued but not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published but are not mandatory for the current reporting period and have not been early adopted by the Company. These standards, amendments or interpretations, except noted below, are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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

Narrow-scope amendments to IAS 1 clarify when liabilities are classified as either current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance.

The amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect a liability's classification at that date. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. The amendments are effective for years beginning on or after January 1, 2024. 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).

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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.

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 Spinout of SRQ Resources Inc.

On May 17, 2023, the Company entered into an arrangement agreement with its subsidiary SRQ pursuant to which the parties intended to complete a spinout transaction of the SRQ common shares. The spinout was to be completed by way of a court-approved plan of arrangement ("PoA") under the Canada Business Corporations Act. Upon completion of the PoA, holders of common shares of Sama were to receive:

- One new share in the reorganized capital of Sama for every one Sama share held at the effective time of the PoA; and
- One SRQ share for every 10 Sama shares held at the effective time.

On August 10, 2023, the spinout of SRQ was completed as planned and a total of 21,976,841 SRQ shares were distributed to the Company's shareholders at a fair value of \$0.15 per SRQ share for a total distribution of \$3,296,526. The fair value was determined using SRQ's share price.

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The carrying value of SRQ's net assets distributed and the gain resulting from that distribution are as follows:

	\$
Cash and cash equivalents	1,506,445
Sales taxes receivable	75,529
Tax credits receivable	4,100
Equipment	30,536
Accounts payable and accrued liabilities	(83,422)
	1,533,188
Fair value of SRQ shares distributed	3,296,526
Gain on deemed disposal of SRQ	1,763,338

SRQ's statements of income (loss) and comprehensive income (loss) presented as discontinued operations is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Operating expenses		
Exploration and evaluation expenses	662,009	383,400
General and administrative expenses	212,746	133,329
Operating loss	(874,755)	(516,729)
Other income (expenses)		
Interest income	17,103	232
Foreign exchange loss	(40)	(147)
Gain on deemed disposal of SRQ	1,763,338	-
	1,780,401	85
Net income (loss) and comprehensive income (loss) from discontinued operations	905,646	(516,644)
Weighted average number of common shares outstanding	219,877,755	219,502,139
Basic and diluted income (loss) per common share from discontinued operations	0,004	(0,002)

SRQ's statements of cash flows is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Operating activities	(633,538)	(606,760)
Investing activities	(21,724)	(11,108)
Financing activities	2,100,000	654,243

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7 Non-controlling interests

The Company signed an earn-in and joint venture agreement with IVNE Ivory Coast Inc. or “IVNE” in order to develop its nickel-copper and cobalt projects in Ivory Coast, West Africa. Pursuant to the terms of the earn-in and joint venture agreement, IVNE can earn up to a 60% interest in the Ivory Coast projects by investing, before March 12, 2024, a total of \$25,000,000, including amongst others, the financing of a bankable feasibility study, as follows:

- Phase 1 : Investments of \$15,000,000 for a 30% interest;
- Phase 2 : Investments of \$10,000,000 for an additional 30% interest.

IVNE completed phase 1 of the earn-in and joint venture agreement and therefore owns a 30% interest in SNC. The Company assessed its investment in SNC and judged that it still has control over SNC as defined by IFRS 10 *Consolidated Financial Statements*. Therefore, the Company continued to consolidate the financial results of SNC in its consolidated financial statements.

Summarized financial information of SNC, before intragroup eliminations, is set out below:

	December 31, 2023	December 31, 2022
	\$	\$
Current assets	886,232	1,033,037
Non-current assets	674,718	828,570
Total assets	1,560,950	1,861,607
Current liabilities	697,982	646,879
Non-current liabilities ^(a)	-	17,425,135
Total liabilities	697,982	18,072,014
NCI	258,891	(4,863,122)

(a) Non-current liabilities included a due to Sama Resources Inc. of \$17,425,135 which was recognized as capital contributions as at December 31, 2023.

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On March 12, 2024, IVNE completed phase 2 of the earn-in and joint venture agreement and therefore acquired an additional 30% interest. In light of this impending loss of control of SNC, the latter has been classified as a subsidiary subject to impending loss of control as of December 31, 2023. As at December 31, 2023, the financial position of SNC is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Current assets		
Cash and cash equivalents	337,502	-
Trade and other amounts receivable	89,608	-
Sales taxes receivable	286,035	-
Prepaid expenses and deposits	168,738	-
	881,883	-
Non-current assets		
Property, plant and equipment	674,718	-
Total assets	1,556,601	-
Current liabilities		
Accounts payable and accrued liabilities	697,982	-
Total liabilities	697,982	-

8 Cash and cash equivalents

	December 31, 2023	December 31, 2022
	\$	\$
Cash	1,435,113	5,197,535
Guaranteed investment certificates, maturing on June 3, 2024 (January 14, 2023 to June 7, 2023), redeemable on demand ^(a)	21,185	200,367
Guaranteed investment certificate, maturing on March 20, 2024 (September 8, 2023), redeemable on demand	1,500,000	2,000,000
	2,956,298	7,397,902

(a) 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.

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9 Property, plant and equipment

	Exploration equipment	Buildings and lease improvements	Other equipment	Total
	\$	\$	\$	\$
Cost				
Balance – January 1st, 2022	2,302,033	127,426	102,544	2,532,003
Acquisitions	330,761	132,361	7,438	470,560
Disposals	-	-	(809)	(809)
Balance – December 31, 2022	2,632,794	259,787	109,173	3,001,754
Acquisitions	243,040	-	6,019	249,059
Disposals	(158,080)	-	(9,954)	(168,034)
Assets held under a finance lease (note 10)	(131,141)	-	-	(131,141)
Assets distributed (note 6)	(30,301)	-	(2,531)	(32,832)
Assets subject to impending loss of control (note 7)	(2,436,717)	(259,787)	(82,199)	(2,778,703)
Balance – December 31, 2023	119,595	-	20,508	140,103
Accumulated amortization				
Balance – January 1st, 2022	1,490,579	85,240	93,514	1,669,333
Depreciation	318,580	25,999	6,623	351,202
Disposals	-	-	(809)	(809)
Balance – December 31, 2022	1,809,159	111,239	99,328	2,019,726
Depreciation	301,388	38,935	6,758	347,081
Disposals	(135,905)	-	(9,954)	(145,859)
Assets held under a finance lease (note 10)	(34,545)	-	-	(34,545)
Assets distributed (note 6)	(2,085)	-	(211)	(2,296)
Assets subject to impending loss of control (note 7)	(1,876,823)	(150,174)	(76,988)	(2,103,985)
Balance – December 31, 2023	61,189	-	18,933	80,122
Carrying amount				
Balance – December 31, 2022	823,635	148,548	9,845	982,028
Balance – December 31, 2023	58,406	-	1,575	59,981

During the year ended December 31, 2023, a depreciation expense of \$35,032 (December 31, 2022 – \$29,217) was recorded under general and administrative expenses, \$310,248 (December 31, 2022 – \$321,895) under exploration and evaluation (“E&E”) expenses and \$1,801 under discontinued operations in the consolidated statement of income (loss) and comprehensive income (loss).

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10 Finance lease

On October 1, 2023, the Company signed a lease agreement with SRQ for the lease of vehicles. The lease agreement is for a two-year period and include an option to purchase the vehicles at \$1 at the end of the term. The management classified this lease agreement as a finance lease. Upon initial measurement, the assets held under the finance lease were presented as a finance lease in the consolidated statement of financial position, at an amount equal to the net investment in the lease. The net investment in the lease of \$73,441 was determined using a discounted rate of 6.5%. A loss on disposal of property, plant and equipment of \$23,155 was recognized in the statement of income (loss) and comprehensive income (loss).

	December 31, 2023
	\$
Balance – beginning of period	-
Net investment in the lease	73,441
Accretion of interest	1,071
Balance – end of period	74,512
Current portion	45,874
Long-term portion	28,638

The undiscounted minimum lease payments receivable on finance lease for the forthcoming years are as follows:

	\$
2024	48,730
2025	29,238
Total minimum payments receivable	77,968
Less interest	(3,456)
Total minimum capital payments receivable	74,512

11 Investments in shares

The Company owns 15,180,377 common shares of SRG Mining Inc. (“SRG”) representing an interest of 12.93% (December 31, 2022 – 13.34%). At December 31, 2022, the Company also owned 250,000 warrants which expired on March 4, 2023.

The fair value of \$10,322,657 (December 31, 2022 – \$10,322,657) was determined using SRG’s share price of \$0.68 (December 31, 2022 – \$0.68). A change in fair value of investments in shares of \$nil (December 31, 2022 – \$1,564,357) was recorded in the consolidated statement of income (loss) and comprehensive income (loss).

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The continuity of the Company's investments is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Balance – beginning of year	10,322,657	46,320
Reclassification from investment in associate (Note 12)	-	11,840,694
Change in fair value of investments in shares	-	(1,564,357)
Balance – end of year	10,322,657	10,322,657

Subsequently to year-end, the share price of SRG's shares went from \$0.68 per share to \$0.45 per share, thus creating a loss in fair value of investment in shares of \$3,491,487.

12 Investment in associate

In May 2022, the Company's ownership in SRG went from 21.82% to 13.36%. The Company discontinued the use of the equity method as its remaining interest ceased to be an investment in associate. The retained interest was measured at FVTPL and reclassified as an investment in the consolidated statement of financial position. The fair value of the retained investment of \$11,840,694 was determined using SRG's share price of \$0.78 at May 31, 2022. A gain on loss of significant influence of \$5,902,561, representing the difference between the carrying value and the fair value, was recorded in the consolidated statement of income (loss) and comprehensive income (loss).

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

	December 31, 2022
	\$
Balance – beginning of period	8,804,704
Share of loss and comprehensive loss	(297,332)
Gain on dilution	1,195,788
Disposal of common shares	(3,765,027)
Gain on loss of significant influence	5,902,561
Reclassification from associate to investments in shares (Note 11)	(11,840,694)
Balance – end of period	-

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13 Share capital

Authorized

Unlimited number of voting common shares without par value.

Transactions on share capital

2022

During the fourth quarter ended December 31, 2022, a total of 300,000 stock options were exercised at a price of \$0.20 per share for total proceeds of \$60,000.

2023

During the third quarter ended September 30, 2023, a total of 300,000 stock options were exercised at a price of \$0.20 per share for total proceeds of \$60,000.

14 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:

	December 31, 2023		December 31, 2022	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
Outstanding – Beginning of year	19,040,000	0.22	19,495,000	0.23
Granted	2,355,000	0.14	2,445,000	0.22
Exercised	(300,000)	0.20	(300,000)	0.20
Expired	-	-	(2,600,000)	0.31
Outstanding – End of year	21,095,000	0.21	19,040,000	0.22
Exercisable – End of year	20,067,500	0.22	17,967,500	0.22

The weighted average price of the shares at the time of exercise was \$0.125 per share (December 31, 2022 – \$0.215 per share).

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

	December 31, 2023	December 31, 2022
	\$	\$
Weighted average price at the grant date	\$0.13	\$0.22
Weighted average exercise price	\$0.14	\$0.22
Expected dividend	-	-
Expected average volatility	97.52%	98.97%
Risk-free average interest rate	2.84%	1.94%
Expected average life	9.36 years	9.39 years
Weighted fair value per share option	\$0.11	\$0.19

An expense for stock-based compensation of \$306,392 (December 31, 2022 – \$431,272) was recognized during the year ended December 31, 2022. An amount of \$240,020 (December 31, 2022 – \$369,688) was recognized under general and administrative expenses and \$66,372 (December 31, 2022 – \$61,584) under exploration and evaluation expenses in the consolidated statement of income (loss) and comprehensive income (loss).

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
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	1,775,000
June 30, 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
September 12, 2028	0.33	3,655,000	3,655,000
July 29, 2028	0.30	340,000	340,000
October 31, 2028	0.30	60,000	60,000
February 20, 2029	0.27	3,225,000	3,225,000
December 19, 2029	0.19	2,080,000	2,080,000
December 14, 2030	0.115	1,885,000	1,885,000
September 17, 2031	0.16	265,000	265,000
February 28, 2032	0.22	2,145,000	2,145,000
January 17, 2033	0.135	2,055,000	1,027,500
		21,095,000	20,067,500

As per the court-approved plan of arrangement in connection with SRQ's spinout, some of the above exercise prices will be adjusted. The Company is still in discussion with the TSX about the calculation of the new exercise prices.

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15 Exploration and evaluation expenses

Samapleu property

SNC entered into a Syndicate Agreement (“SA”) with La Société pour le Développement Minier de la Côte d’Ivoire (“SODEMI”), a parastatal organization, under which SNC is responsible to finance, on behalf of the SA, exploration work programs during the exploration phase through completion of a Bankable Feasibility Study (“BFS”) on the exploration permits Samapleu East (PR838) and Samapleu West (PR839) held by SODEMI. SODEMI will not contribute to work conducted under the SA. Both PRs expired on June 17, 2023, with possible renewal periods totaling up to 12 years. The Company was required to complete an exploration program before the term of the exploration permit. This exploration program was completed on time and on March 1, 2023, SODEMI filed the required documentation with the Department of Mines in Côte d’Ivoire, for the renewal of PR 838 and PR 839 which should expire on June 17, 2026.

Upon completion of the BFS, the Advisory Committee (“AC”), which consists of two SNC 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 SNC 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 \$1,862,674 as at December 31, 2023) and will reimburse SNC for costs associated with exploration work conducted between the signature of the SA and the approval of the BFS subject to the approval of the AC which represents a total amount of \$27,101,491 as at December 31, 2023.

The ownership of the EE shall be allocated as follows:

SNC	60%
SODEMI	30%
Ivory Coast Government	10%
	<hr/>
	100%

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

Zéréguiné property

Sama CI owns a 100% interest in the exploration permit No. 300 (“PR300”) which covered 290 square kilometers of property in Ivory Coast and expired on December 18, 2023. This permit expired without any further possible renewal because it was subject to three renewals and one exceptional renewal. Consequently, on February 12, 2024, Sama CI requested a new exploration permit. This new permit will be located on the perimeter of the PR300 and will cover 310 square kilometers. There is no indication that the new exploration permit will not be granted. The Zéréguiné Property is adjacent to the Samapleu Property.

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Grata property

Sama CI owns a 100% interest in the exploration permit No. 604 (“PR604”) which covers 92 square kilometers of property in Ivory Coast and expires on December 9, 2025. In accordance with PR604, Sama CI agreed to complete an exploration program evaluated at F CFA 2,380,500,000 (approximately \$5,310,297 as at December 31, 2023) before the term of the exploration permit. The Grata Property is located adjacent to the north-eastern boundary of the Samapleu Property.

Zoupleu property

SMT owns a 100% interest in the exploration permit No. 837 (“PR837”) which covers 135 square kilometers of property in Ivory Coast and expired on June 17, 2023. On March 19, 2023, SMT filed the required documentation with the Department of Mines in Côte d’Ivoire, for the renewal of PR837 which should expire on June 17, 2026. As of today, there is no indication that the exploration permit will not be granted. The Zoupleu Property is contiguous to the Samapleu Property.

Nuon River property

SRL owns a 100% interest in the exploration license MEL9001721 which covers 259.13 square kilometers of property in the county of Grand Gedeh, Liberia and expires on January 10, 2024. The Company decided not to renew the license upon expiration.

St-John River gold property

SRL owns a 100% interest in the exploration license MEL9001821 which covers 174.51 square kilometers of property in the county of Grand Gedeh, Liberia and expires on January 9, 2024. The Company decided not to renew the license upon expiration.

Zwedru South property

SRL owns a 100% interest in the exploration license MEL9001921 which covers 312.85 square kilometers of property in the county of Bong, Liberia and expires on January 9, 2024. In January 2024, SRL requested the renewal of the exploration license. As of today, there is no indication that the exploration license will not be granted.

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

	December 31, 2023	December 31, 2022
	\$	\$
Samapleu	1,469,398	1,462,243
Zérégouiné	787,760	302,449
Grata	960,678	3,154,937
Zoupleu	27,718	39,208
Total Ivory Coast properties	3,245,554	4,958,837
Nuon River	-	41,569
St-John River	164,422	204,800
Zwedru South	615,790	44,447
Total Liberian properties	780,212	290,816
	4,025,766	5,249,653

16 General and administrative expenses

	December 31, 2023	December 31, 2022
	\$	\$
Consulting fees	234,370	320,426
Professional fees	718,626	454,468
General and other expenses	492,725	297,337
Salaries and benefits	239,547	150,362
Travel and representation	110,634	135,158
Marketing fees	40,000	80,000
Transfer agent and filing fees	48,504	25,238
Depreciation	35,032	29,217
Stock-based compensation	240,020	369,688
	2,159,458	1,861,894

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17 Income taxes

Major components of tax expense (income)

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

	December 31, 2023	December 31, 2022
	\$	\$
Deferred tax expense (income)		
Origination and reversal of temporary differences	(1,002,785)	438,985
Deferred tax expense arising from the write-down of a deferred tax asset	1,002,785	(438,985)
Total deferred tax expense (income)	-	-

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 consolidated statement of income (loss) and comprehensive income (loss) can be reconciled as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Income (loss) before income taxes	(5,144,016)	608,867
Expected tax expense (income) calculated using the combined federal and provincial income tax rate in Canada of 26.50 % (2022 – 26.50%)	(1,363,164)	161,350
Loss of tax attributes	699,388	131,583
Non-taxable portion of gains	-	(290,706)
Non-taxable portion on gain on deemed disposition	(467,285)	-
Stock-based compensation	81,194	114,287
Non-deductible items	154,917	100,217
Non-taxable items	-	(719,953)
Other	(107,835)	64,237
Change in unrecognized temporary differences	1,002,785	438,985
Deferred tax expense (income)	-	-

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.

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	Balance on January 1, 2023	Profit (loss)	Equity	Balance on December 31, 2023
	\$	\$	\$	\$
Deferred income tax liabilities				
Property, plant and equipment	(43,811)	65	-	(43,746)
Investment in shares	(876,765)	-	-	(876,765)
Finance lease	-	(19,746)	-	(19,746)
	(920,576)	(19,681)	-	(940,257)
Deferred income tax assets				
Non-capital loss carry forwards	920,576	19,681	-	940,257
Deferred income tax asset (liability)	-	-	-	-

	Balance on January 1, 2022	Profit (loss)	Equity	Balance on December 31, 2022
	\$	\$	\$	\$
Deferred income tax liabilities				
Property, plant and equipment	(78,221)	34,410	-	(43,811)
Investment in associate	(364,329)	364,329	-	-
Investment in shares	(6,137)	(870,628)	-	(876,765)
	(448,687)	(471,889)	-	(920,576)
Deferred income tax assets				
Non-capital loss carry forwards	448,687	471,889	-	920,576
Deferred income tax asset (liability)	-	-	-	-

Unrecognized deferred tax assets

As at December 31, 2023 and 2022, the Company has the following temporary differences for which no deferred tax has been recognized:

	December 31, 2023	December 31, 2022
	\$	\$
Property, plant and equipment	209,934	64,415
Exploration and evaluation expenses	3,714,711	4,496,494
Non-capital loss carry forwards	28,497,835	26,004,369
	32,422,480	30,565,279

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, 2023, deferred tax assets totalling \$8,350,658 (December 31, 2022 – \$7,819,584) have not been recognized.

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

	Canada	Ivory Coast	Liberia	Total
	\$	\$	\$	\$
2024	-	6,289,388	-	6,289,388
2025	-	510,541	-	510,541
2026	10,000	4,427,382	-	4,437,382
2027	9,150	4,549,934	1,305	4,560,389
2028	8,572	2,894,641	119,618	3,022,831
2030	67,074	-	296,896	363,970
2031	708,817	-	891,090	1,599,907
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	708,061	-	-	708,061
2040	658,984	-	-	658,984
2041	377,033	-	-	377,033
2042	146,025	-	-	146,025
2043	950,130	-	-	950,130
Losses that may be carried forward indefinitely	-	2,403,115	-	2,403,115
	9,671,908	21,075,002	1,308,908	32,055,818
Non-capital losses recognized against the deferred tax liability	(3,383,057)	(174,926)	-	(3,557,983)
	6,288,851	20,900,076	1,308,908	28,497,835

18 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.

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 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 mining properties for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of its mining properties.

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, 2023.

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

19 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 subsidiaries 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, 2023, the Company had cash and cash equivalents of \$2,956,298 (December 31, 2022 – \$7,397,902) to settle account payable and accrued liabilities of \$28,619 (December 31, 2022 – \$707,883), assuming that the latter would be settled by December 31, 2024 per current due date.

As at December 31, 2023, management does not consider current funds to be sufficient for the Company to continue operating considering its 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.

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Fair value

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets at amortized cost				
Cash and cash equivalent	2,956,298	2,956,298	7,397,902	7,397,902
Trade and other amounts receivable	35,506	35,506	51,643	51,643
	2,991,804	2,991,804	7,449,545	7,449,545
Financial assets at FVTPL				
Investment in shares	10,322,657	10,322,657	10,322,657	10,322,657
Financial liabilities at amortized cost				
Accounts payables and accrued liabilities	28,619	28,619	707,883	707,883
Loan payable	-	-	40,000	40,000
	28,619	28,619	747,883	747,883

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

The carrying value of cash and cash equivalents, trade and other amounts receivable, accounts payables and accrued liabilities and loan payable approximate their fair values due to their relatively short periods to maturity.

Market risk

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 in the foreign exchange risk table below. 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.

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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, 2023 in CAD	Impact of 10% change in FX	December 31, 2022 in CAD	Impact of 10% change in FX
	\$	\$	\$	\$
Cash and cash equivalent				
United States dollar	17,377	1,738	26,506	2,651
CFA Franc	-	-	191,808	19,181
Accounts payable and accrued liabilities				
United States dollar	(1,309)	(131)	(354,275)	(35,428)
CFA Franc	-	-	(213,965)	(21,397)
Swiss Franc	-	-	(14,157)	(1,416)
Euro	(4,349)	(435)	(7,244)	(724)
	11,719	1,172	(371,327)	(37,133)

20 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.

The following table presents the related party transactions presented in the consolidated statement of income (loss) and comprehensive income (loss):

	December 31, 2023	December 31, 2022
	\$	\$
Professional fees paid to key management and/or companies controlled by key management	204,600	190,180
Consultant fees paid to companies controlled by key management	122,699	219,124
Consultant fees and other expenses paid to a company controlled by key management recorded under E&E expenses	206,993	221,268
E&E expenses recharged to a company controlled by a key management	8,886	10,834
Directors and officers stock-based compensation	200,677	284,269
Interest revenue on SRG’s bridge loan	-	22,823

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Termination and Change of Control Provisions

The Company has entered into consulting agreements with key management personnel for total annual payments of \$495,000. The consulting agreements contain termination without cause and change of control provisions. Assuming that this agreement would be terminated without cause or a change of control would occur during the year ended December 31, 2024, the total amounts payable to key personnel in respect of severance would amount \$1,085,000.

21 Earnings (loss) per share

	December 31, 2023	December 31, 2022
	\$	\$
Weighted average number of common shares outstanding	219,877,755	219,502,139
Effect of potential dilutive stock options	-	1,724,157
Weighted average of diluted common shares	219,877,755	221,226,296
Net income (loss) and comprehensive income (loss) from continuing operations		
Basic earnings (loss) per common share	(0.022)	0.013
Diluted earnings (loss) per common share	(0.022)	0.013
Net income (loss) and comprehensive income (loss) from discontinued operations		
Basic earnings (loss) per common share	0.004	(0.002)
Diluted earnings (loss) per common share	0.004	(0.002)
Net income (loss) and comprehensive income (loss)		
Basic earnings (loss) per common share	(0.018)	0.010
Diluted earnings (loss) per common share	(0.018)	0.010

22 Operating segment

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

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

	Canada	Ivory Coast	Liberia	December 31, 2023 Total
	\$	\$	\$	\$
Property, plant and equipment	33,629	-	26,352	59,981
Financial lease	28,638	-	-	28,638
Investments in shares	10,322,657	-	-	10,322,657
	10,384,924	-	26,352	10,411,276

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				December 31, 2022
	Canada	Ivory Coast	Liberia	Total
	\$	\$	\$	\$
Property, plant and equipment	153,458	828,570	-	982,028
Investments in shares	10,322,657	-	-	10,322,657
	10,476,115	828,570	-	11,304,685

23 Subsequent event

On March 12, 2024, IVNE completed the phase 2 of the earn-in and joint venture agreement and therefore owns a 60% interest in SNC (Note 7).